Integrity | Customer Service | Efficiency | Innovation

ANNUAL COMPREHENSIVE FINANCIAL REPORT

2025

TOWN OF LITTLE ELM, TEXAS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

LITTLE ELM

LITTLE ELM

Our Values

are who we are

INTEGRITY

We are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.

CUSTOMER SERVICE

We are respectful, positive, attentive, approachable, responsive, and empathetic. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are courteous, patient, humble and professional.

SERVANT LEADERSHIP

Putting the needs of others before one's self

EFFICIENCY

We recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, with proper use of taxpayer dollars, and without compromising quality.

INNOVATION

We have a willingness to grow, to explore new ideas and to challenge the status quo. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity and reasonable risk, we will build a stronger, healthier Town together. We are an organization dedicated to learning and continuous improvement.

Town of Little Elm, Texas

Annual Comprehensive

Financial Report

LITTLE ELM

Fiscal Year Ended

September 30, 2025

PREPARED BY:

Sherrelle Evans-Jones, CPA — Director of Finance

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Kristin Mayo — Accountant I

Rebecca Hunter — Purchasing Manager

Melissa Vera — Buyer

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Introductory Section

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Town of Little Elm

March 24, 2026

To the Honorable Mayor, Members of Town Council, and
Citizens of Little Elm, Texas:

The Town's management team is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Town of Little Elm ("Town") for the fiscal year ended September 30, 2025. This report includes a complete set of financial statements prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

The purpose of this report is to provide Town Council, management, staff, residents and other interested parties with comprehensive information regarding the Town's financial condition and operations. State Law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year. This report fulfills that requirement for the fiscal year ended September 30, 2025.

This report represents management's responsibility for the accuracy and completeness of financial information presented. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly portray the financial position and results of operations of the various funds of the Town. Management is responsible for the preparation and integrity of this ACFR, including the establishment and maintenance of appropriate internal controls. All disclosures necessary to enable readers to gain an understanding of the Town's financial activities have been included.

The Town is required to obtain an annual audit of its financial records and activities. The accounting firm of Forvis Mazars, L.L.P. conducted an audit of the Town's financial statements. The objective of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended September 30, 2025, are free of material misstatement. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

In their audit report, the independent auditors concluded that the Town's financial statements for the fiscal year ended September 30, 2025, are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The independent auditors' report is included as the first component of the financial section of this report.

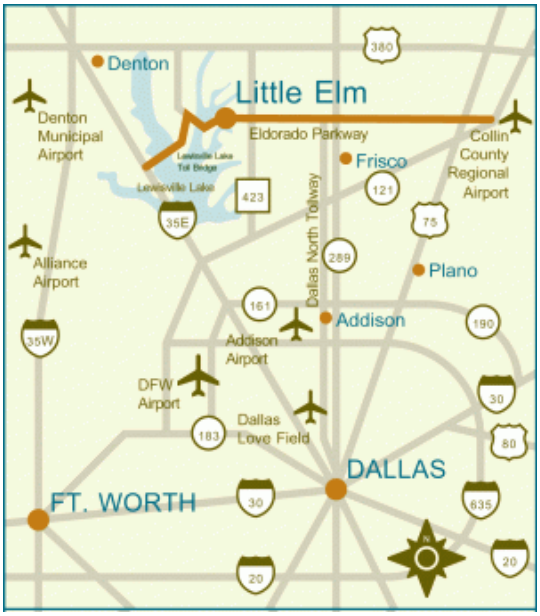
Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the Town's basic financial statements. The MD&A is intended to complement this letter of transmittal and the two should be read in conjunction with it.

TOWN PROFILE

The Town of Little Elm was officially incorporated in 1966, encompassing 1,222 acres. In 2001, a Home Rule Charter was adopted, establishing a council-manager form of government. The Town Council consists of a mayor and six council members elected to staggered three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at large, whereas Places 2, 3, 4, and 5 are elected by district.

Under the Town Charter and subject to the Texas Constitution and State Law, the Town Council enacts legislation, adopts the annual operating budget, and establishes policy. The Town Manager serves as the chief administrative officer and is responsible for implementing Council policies and overseeing the daily operations of the town.

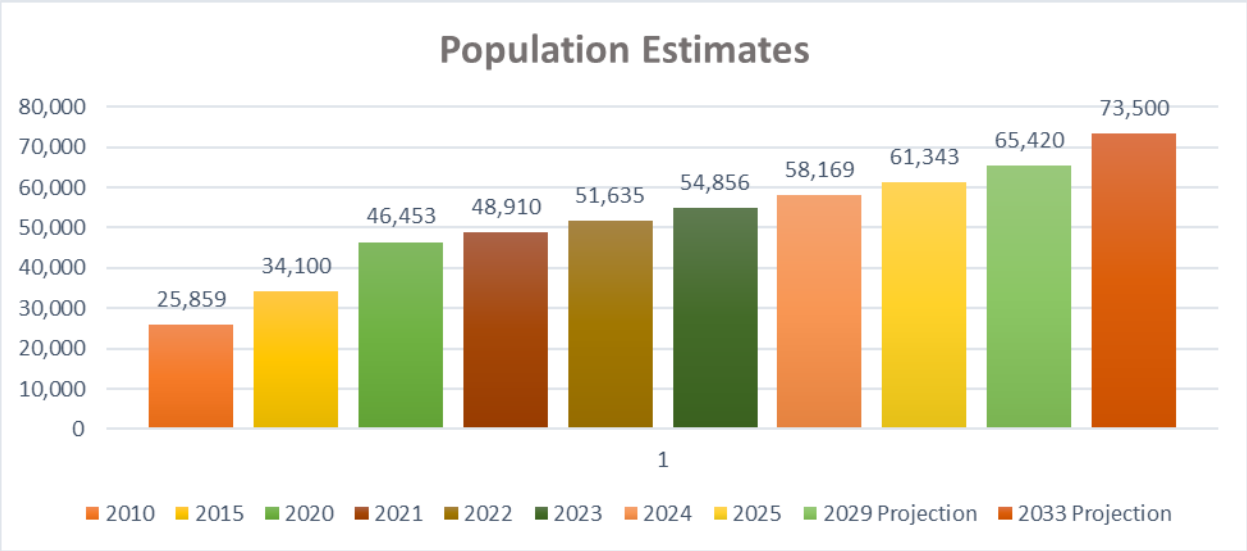
Little Elm is located in North Central Texas within Denton County and covers approximately 22 square miles within the Dallas/Fort Worth Metroplex. The Town sits at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. Known for its lakeside setting, Little Elm has more than 66 miles of shoreline along Lewisville Lake. This unique geographic feature has helped to position the Town as an increasingly attractive destination within the region.



The community is served by three school districts. The Little Elm Independent School District (ISD) serves the majority of the Town, Denton ISD serves the northern portion along the Highway 380 corridor, and Frisco ISD serves areas in the eastern section of the Town. The presence of multiple high-performing school districts continues to attract new residents and support the Town's growth.

The mission of the Town of Little Elm is to build upon its unique lake opportunities and hometown charm, encourage diverse housing and business opportunities, and provide an unmatched quality of life. The Town's vision is to be a distinct and desirable lakeside destination where people can live, work, and play while enjoying a safe, vibrant, and welcoming community.

The 2020 Census population for the Town was 46,453, and the 2025 estimate is 61,343.



Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Little Elm staff.

Services Provided

The Town provides a full range of municipal services including police protection, fire and emergency medical services, street construction and maintenance, recreation and library services, park maintenance and public utilities.

Utility services provided by the Town include water, wastewater, drainage, and sanitation services. The Town operates its own wastewater treatment facility. Solid waste collection is provided by Community Waste Disposal (CWD), while North Texas Municipal Water District (NTMWD) supplies water to the Town on a take-or-pay basis.

The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting through monthly fees charged to residential and commercial customers. Additionally, the Town provides certain services, including public safety and construction inspections, to areas within its extra-territorial jurisdictions (ETJ) on a contractual basis.

Financial System and Budgetary Controls

Town management is responsible for establishing and maintaining an internal control structure designed to safeguard the Town's assets from loss, theft, or misuse and to ensure the reliability of financial reporting. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires management judgement.

The Town's accounting records for general governmental activities are maintained on a modified accrual basis, with revenues recognized when measurable and available and expenditures recorded when goods or services are received and the liabilities incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a full accrual basis.

The Town Council is required to adopt an annual operating budget prior to the beginning of each fiscal year. The process begins with departmental budget requests submitted during the budget workshop involving department directors, executive leadership, and finance staff. These requests are evaluated and balanced to form the Town Manager's proposed budget.

The proposed budget undergoes additional review through Town Council workshop sessions. Prior to final adoption of the budget and tax rate, any required public notices and hearings are conducted to provide residents with an opportunity for input.

Budgetary control is maintained at the fund level, which represents the legal level of budgetary control approved by the Town Council. The Town Manager has authority to approve departmental budget adjustments within a fund, while any amendment that causes expenditures to exceed the fund-level budget must be approved by the Town Council through an ordinance.

The Annual Comprehensive Financial Report includes all funds of the Town and accounts for all government activities, organizations, and functions for which the Town is financially accountable, including its component units. Component units are legally separate entities for which the Town is financially accountable but are not part of the Town's primary operations.

The Town's discretely presented component units include:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

Relevant Financial Policies

The Town has established reserve policies for its operating funds to promote long-term financial stability and fiscal responsibility. The Town maintains an unassigned fund balance in the General Fund, equal to three months, or 25 percent, of regular General Fund operating expenditures.

In addition, the Town maintains a reserve of cash and investments in the Water Wastewater Fund equal to four months (120 days) of total operating revenues. This reserve is calculated based on the total operating revenues reported in the most recently audited financial statements for the Water and Wastewater Fund.

The Town has adopted a comprehensive financial policy that includes subsections addressing investments, purchasing, budgeting, asset management, purchasing cards (P-Cards), and debt management. In 2019, the Town adopted a Debt Post-Issuance Compliance Policy, which outlines the Town's responsibility to comply with bond covenants and applicable federal and state regulations. The policy also designates staff responsibilities for monitoring and maintaining compliance with these requirements.

Another initiative underway includes an internal review of the Town's Purchase Card (P-Card) program. This review is being conducted to strengthen internal controls, identify potential risks, and support updates to the P-Card Policy to enhance oversight and accountability.

ECONOMIC CONDITIONS AND OUTLOOK

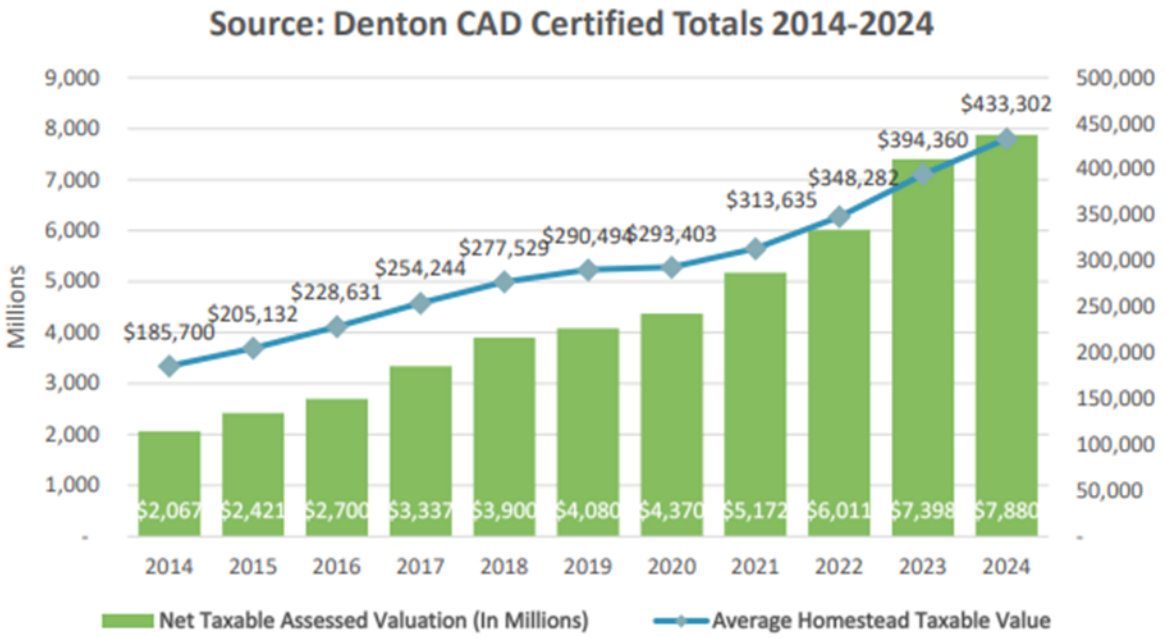
The Town continues to plan for sustained growth driven by the strong regional economy of the Dallas-Fort Worth Metroplex. Development within the Town is guided by established design guidelines, the 2017 Comprehensive Plan, the Town's Strategic Plan, and the Capital Improvements Plan.

Unlike many of the larger cities located to the south, such as Dallas, Plano, and Frisco, the Town of Little Elm is uniquely characterized as a lake front community composed primarily of single-family neighborhoods and master planned developments.

Residential growth remains strong, with 1,258 single family permits issued in 2024. The Town currently serves a population of more than 58,000 residents and continues to expand as both a residential community and regional destination.

Little Elm offers a variety of retail and commercial opportunities, including the Lakefront District, which has become a regional destination within North Texas. During 2025, the Town welcomed 51 new businesses and new commercial construction totaled approximately $82M.

The Town currently has approximately 3,481,140 square feet of retail space with 305,804 square feet available for lease, resulting in a 91.22 percent occupancy rate. In addition, approximately 233,967 square feet of has already been committed to future development projects.

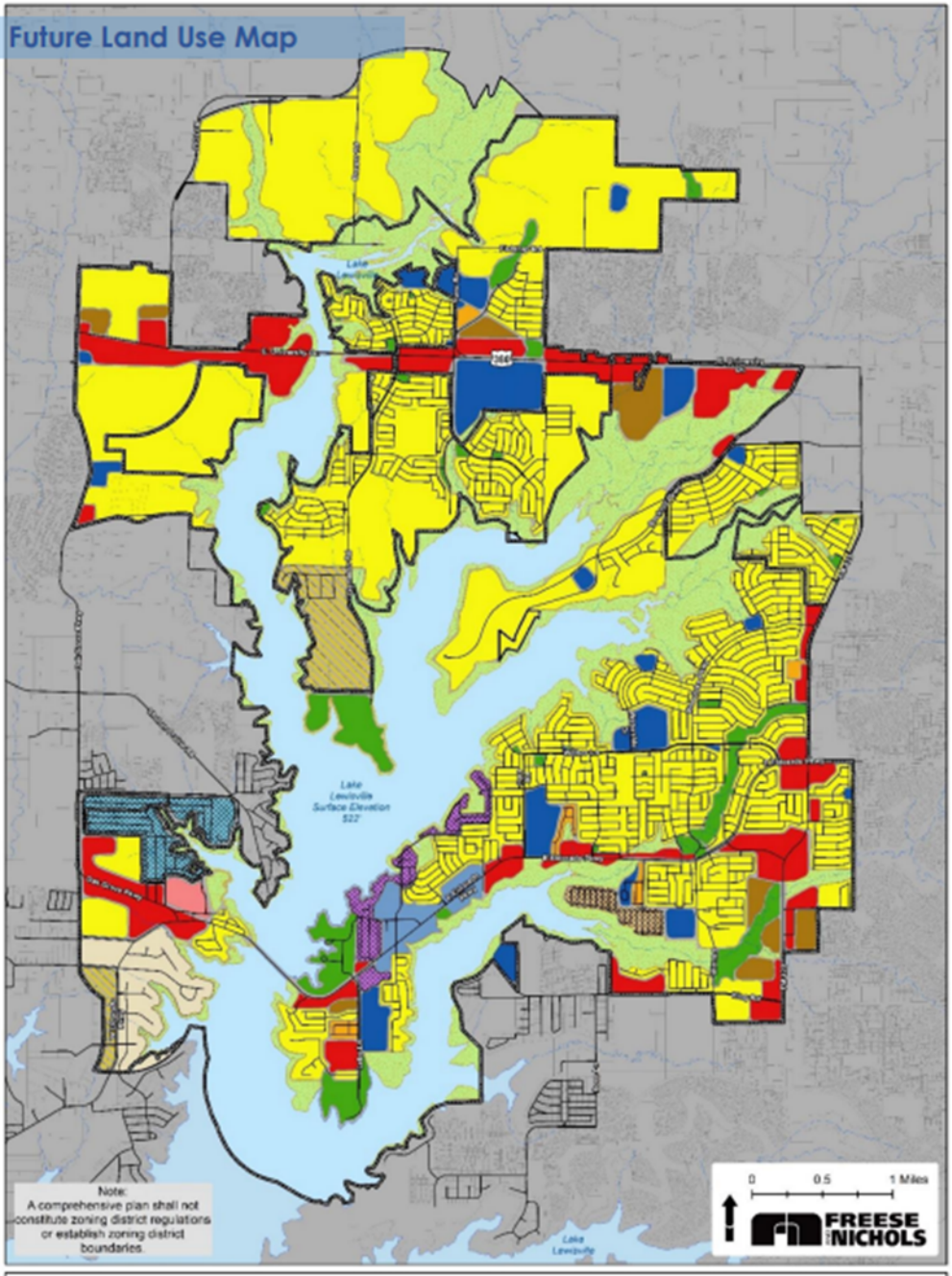


The Little Elm Economic Development Corporation (EDC) continues its efforts to attract high-quality businesses that expand the tax base and create employment opportunities within the community. The Town also benefits from its desirable location within the region, offering residents and visitors a strong combination of residential amenities, employment opportunities, and recreational destinations.

Economic conditions influence both the pace of population growth and the types of development that occur within the Town. The Town Council adopted the current Comprehensive Plan in 2017 and is currently updating it to reflect the community's evolving vision, including two corridor studies.

Town leadership and staff rely on this document as a guide when evaluating development proposals, preparing the annual budget, prioritizing capital improvement projects, and updating development ordinances. The Future Land Use Plan, currently being updated provides a visual framework for the preferred development pattern throughout Little Elm.

Future Land Use Map



LITTLE ELM

Future Land Use

- Estate Residential
- Ranchette Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Public/Semi-Public
- Parks and Open Space
- Floodplain/ CORP
- Retail/ Commercial
- Lakefront District
- Special Planning Area 1
- Special Planning Area 2
- Special Planning Area 3
- Mixed Use
- Lake Lewisville
- Town Limits
- ETJ
- Streams

LONG-TERM FINANCIAL PLANNING

Long-Term Financial Planning Process

- **Comprehensive Strategic Plan Update:** In 2025, the Town Council worked toward adopting an updated Strategic Plan outlining priorities for maintaining a safe and inclusive community while supporting diverse housing opportunities and continued economic vitality. The future-oriented, data-driven, and people-focused action plan was informed by extensive community engagement through surveys, focus groups, and other outreach efforts. Once adopted, the plan will align the Town's vision of being a distinct and desirable lakeside destination with key initiatives that will guide decision-making in the coming years. Additional information regarding the Town's Strategic Plan and progress toward these goals can be found at: https://www.littleelm.gov/1429/Plan-Progress
- **Operations and Maintenance**: Each year the Town prepares a balanced budget through a collaborative process involving the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the Town's long-term financial health remain a priority throughout the budget development process. Fiscal year 2025 was the twelfth year that the Town has utilized a multi-year budgeting format, which incorporates historical trends, policy changes, and both current and projected economic conditions The total number of budgeted full-time equivalent (FTE) positions is for the 2025-2026 budget is 439
- **Capital Improvement Program**: The Capital Improvement Program (CIP) is a key component of the Town's long-term financial planning and annual budget process. Planning occurs throughout the year and includes input from the Town Council, advisory boards such as the Parks Board and Planning and Zoning Commissions, and the Executive Management Team. The planning process focuses on funding ongoing capital projects while identifying strategies to finance future infrastructure needs. Consideration is also given to the long-term operational impacts of capital investments, including maintenance costs and debt service requirements

Anticipated Long-Term Financial Impacts

In response to continued growth, the Town Council has established seven Public Improvement Districts (PIDs) and participates in four Tax Increment Reinvestment Zones (TIRZ #3, #4, #5, and #6). These districts are special-purpose governmental units created to support infrastructure and development initiatives Additional information regarding these districts is included in Note 14 to the Financial Statements.

To enhance public safety and support continued development, the Town invested in the construction of a fourth fire station and public safety annex facility. This 15,500 square-foot, single-story facility provides improved emergency response coverage for the northwest corridor of the community.

The Town continues to invest in infrastructure improvements funded through the quarter-cent sales tax dedicated to street maintenance. In 2025, $2.37 million was expended through the Town's annual street maintenance program for improvements to streets, sidewalks, curbs, and gutters. The Town has also entered into several interlocal agreements with neighboring jurisdictions to improve regional roadway connectivity.

In 2024, the Town updated its Parks, Recreation and Open Space Master Plan, which included an analysis of demographic trends, service standards, and community input gathered through a needs assessment. The Town utilizes the plan to guide future investments in parks, trails, and recreational amenities.

In 2025, the Town celebrated the completion of the Brent Trail project and the substantial completion of the Cottonwood Park enhancement project, further expanding recreational opportunities for residents. The Town also marked the substantial completion of Fire Station #4 and Police Substation, strengthening public safety services in the community. While continuing to invest in critical infrastructure and maintain high-quality municipal services, the Town was also able to lower the tax rate by one cent from the prior year. As the community continues to grow, the Town remains committed to enhancing infrastructure, supporting Town staff, and delivering exceptional value to residents.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. This was the fifteenth consecutive year the Town has received this prestigious award.

The Certificate of Achievement is awarded to municipalities that publish an Annual Comprehensive Financial Report that is easily readable, efficiently organized, and in full compliance with generally accepted accounting principles (GAAP) and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The Town believes that the current Annual Comprehensive Financial Report continues to meet the program's standards and will submit it to GFOA for consideration for the upcoming award cycle.

The Town also received the Popular Annual Financial Report (PAFR) award from GFOA for the fifth consecutive year. This PAFR is designed to provide a user-friendly and easily understood financial report for residents and other stakeholders who may not have a background in public finance. The Town remains committed to producing this report each year to enhance transparency and public understanding of its financial position.

Acknowledgements

The preparation of this report would not have been possible without the dedication and professionalism of the Finance Department staff. We would also like to thank all Town departments for their cooperation and assistance in providing the information necessary to complete this report.

Finally, we extend our appreciation to the Mayor and Town Council for their continued support and commitment to maintaining the highest standards of financial management and accountability for the Town of Little Elm.

Respectfully submitted,

Matt Mueller
Town Manager

Sherrelle Evans-Jones, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Little Elm
Texas

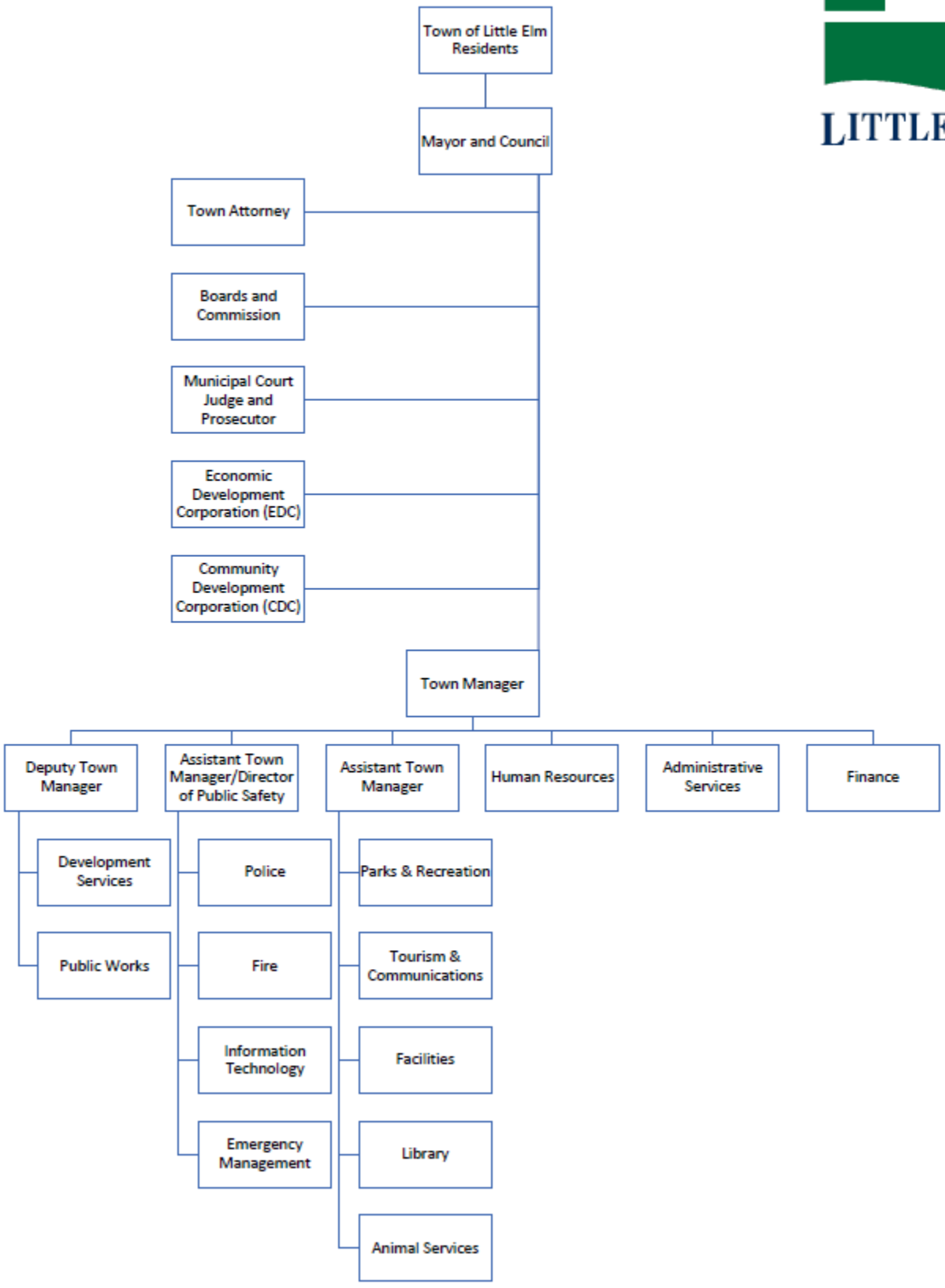
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

TOWN OF LITTLE ELM, TEXAS



Org Chart as of September 30, 2025

Town of Little Elm, Texas

Town Officials

Council Members

Curtis J. Cornelious	Mayor
Jamell T. Johnson	At Large Place 1
Tony Singh	Mayor Pro Tem, District 2
Ken Eaken	District 3
Idalia Maria Amaya	District 4
Andrew Evans	Deputy Mayor Pro Tem, District 5
Michel Hambrick	At Large Place 6

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Deputy Town Manager
Joe Florentino	Assistant Town Manager/Director of Public Safety
Caitlan Biggs	Town Secretary/Director of Administrative Services
Chad Hyde	Director of Community Services
Wesley Brandon	Director of Development Services
Jennette Espinosa	Executive Director of the Little Elm Economic Development Corporation
Sherrelle Evans-Jones	Director of Finance
Paul Rust	Fire Chief
Shea Rogers	Chief Information Officer
Deidre Hale	Director of Human Resources
Rodney Harrison	Police Chief
Jason Shroyer	Director of Public Works

Town of Little Elm

MAYOR AND TOWN COUNCIL

Mayor Curtis Cornelious

Jamell Johnson
At Large, Place 1

Tony Singh
Mayor Pro Tem
District 2

Ken Eaken
District 3

Idalia Amaya
District 4

Andrew Evans
Deputy Mayor Pro Tem
District 5

Michel Hambrick
At Large, Place 6

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Financial Section

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Forvis Mazars, LLP
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Independent Auditor's Report

The Honorable Mayor and
Members of the Town Council
Town of Little Elm, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm, Texas (Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and

schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Dallas, Texas
March 24, 2026

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As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $493,010,347 (net position). Of this amount $119,930,546 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $22,351,270 during the fiscal year. Please see page 7 explaining the increase.
- The Town's total amount of debt and long-term liabilities is $128,160,063, which is a net decrease of $12,743,356 when compared to the prior year. See page 11 explaining the decrease in debt and long-term liabilities.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $104,602,713, an decrease of $3,131,452 in comparison with the prior year as a result of a decrease in total revenues and decrease in proceeds from the issuance of debt coupled with an increase in expenditures for capital projects. Within this total, $20,337,882 (19%) is restricted by specific legal requirements, $495,791 (0.5%) is committed, $54,377,805 (52%) is unassigned fund balance, and $179,613 (0.2%) is nonspendable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements distinguish between governmental activities and business- type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Funds. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund Financial Statements

The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government- wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund that reflects PID activity.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

Government-Wide Financial Analysis

At the end of fiscal year 2025, the Town's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled $493,010,347. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position

The largest portion of the Town's net position, $356,158,366 or 72% reflects its investment in capital, lease and subscription assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital, lease and subscription assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $16,921,435 or 3%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $119,930,546 or 24% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-Type Activites		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 129,656,252	$ 131,979,545	$ 65,156,700	$ 67,821,265	$ 194,812,952	$ 199,800,810
Capital assets	335,323,837	320,845,504	106,217,616	104,851,672	441,541,453	425,697,176
Total assets	464,980,089	452,825,049	171,374,316	172,672,937	636,354,405	625,497,986
Deferred outflows of resources	3,949,646	4,753,720	678,980	802,432	4,628,626	5,556,152
Total assets and deferred outflows of resources	$ 468,929,735	$ 457,578,769	$ 172,053,296	$ 173,475,369	$ 640,983,031	$ 631,054,138
Current liabilities	$ 8,469,783	$ 9,913,085	$ 5,909,848	$ 5,163,035	$ 14,379,631	$ 15,076,120
Noncurrent liabilities	78,258,374	85,511,640	49,901,689	55,391,779	128,160,063	140,903,419
Total liabilities	86,728,157	95,424,725	55,811,537	60,554,814	142,539,694	155,979,539
Deferred inflows of resources	5,306,990	4,394,131	126,000	21,391	5,432,990	4,415,522
Net position						
Net investment in capital assets	276,753,957	264,149,945	79,404,409	70,577,051	356,158,366	334,726,996
Restricted	10,435,021	8,044,726	6,486,414	5,820,484	16,921,435	13,865,210
Unrestricted	89,705,610	85,565,242	30,224,936	36,501,629	119,930,546	122,066,871
Total net position	376,894,588	357,759,913	116,115,759	112,899,164	493,010,347	470,659,077
Total liabilities, deferred inflows of resources and net position	$ 468,929,735	$ 457,578,769	$ 172,053,296	$ 173,475,369	$ 640,983,031	$ 631,054,138

Changes in Net Position

The net position of the Town increased by $22,351,270 from the prior year. See narrative below for explanation of increase.

Governmental Activities

Governmental activities increased the Town's net position by $19,134,675 from the prior year, however decreased in comparison to the prior year. This increase in net position is attributed to various growth factors within the community. Higher property values and capital contributions from the Community Development Corporation and developers of the various PIDS within the Town played a significant role in this growth. These increases were offset by a decrease in charges for services primarily due to decreased revenues from plan reviews. Additionally, interest earnings were down as the Federal Reserve cut interest rates three times in calendar year 2024 and three times in calendar year 2025. However, expenses overall decreased from prior year. Expenses in public safety and culture and recreation rose due to higher salaries and benefits related payroll, while general government, community services, and public works costs decreased as a result of lower administrative fees related to the various PIDs in relation to slowing of PID growth and activity, completion of ongoing contract service projects, and reduction of repairs and maintenance required on facilities. Transfers increased as a result of providing funding for capital projects to the Capital Projects fund and providing funding for operational consts to the Water and Sewer fund and Solid Waste fund.

Business-type Activities

The net position from business-type activities increased $3,216,595 from the prior year. The annual report reflects an increase in charges for services, driven by a four percent increase in water rates. FY2025 also saw an unusually hot summer, resulting in higher water usage and increased expenses for purchasing additional water. Additionally, transfers increased due to funding for operational costs to the Water and Sewer fund and Solid Waste fund. Although, interest earnings across the market were down as the Federal Reserve cut interest rates three times in calendar year 2024 and three times in calendar year 2025, the Town saw a slight increase related to investments for the Water and Sewer and Solid Waste funds.

Government-Wide Financial Analysis

Table 2
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 24,886,757	$ 26,276,234	$ 28,925,361	$ 25,372,750	$ 53,812,118	$ 51,648,984
Operating grants and contributions	2,681,005	1,513,766	-	-	2,681,005	1,513,766
Capital grants and contributions	3,287,956	23,431,655	744,416	2,063,667	4,032,372	25,495,322
General revenues						
Property taxes	43,233,523	42,342,937	-	-	43,233,523	42,342,937
Sales taxes	10,630,908	10,483,808	-	-	10,630,908	10,483,808
Franchise taxes	3,046,795	2,920,813	-	-	3,046,795	2,920,813
Grants not restricted to specific programs	-	644,351	-	-	-	644,351
Investment income	6,176,578	6,902,323	2,895,633	2,530,314	9,072,211	9,432,637
Other	824,703	1,061,550	51,597	50,935	876,300	1,112,485
Gain on sale of capital assets	-	62,708	-	-	-	62,708
Total revenues	94,768,225	115,640,145	32,617,007	30,017,666	127,385,232	145,657,811
Expenses						
General government	10,484,313	13,809,167	-	-	10,484,313	13,809,167
Community services	4,301,386	4,670,995	-	-	4,301,386	4,670,995
Public safety	38,655,791	36,807,578	-	-	38,655,791	36,807,578
Public works	8,609,822	13,951,578	-	-	8,609,822	13,951,578
Culture and recreation	13,992,837	11,305,015	-	-	13,992,837	11,305,015
Interest expense	2,212,312	3,531,579	-	-	2,212,312	3,531,579
Water and sewer services	-	-	22,984,596	20,598,666	22,984,596	20,598,666
Solid waste services	-	-	3,792,905	3,270,261	3,792,905	3,270,261
Total expenses	78,256,461	84,075,912	26,777,501	23,868,927	105,033,962	107,944,839
Change in net position before transfers	16,511,764	31,564,233	5,839,506	6,148,739	22,351,270	37,712,972
Transfers	2,622,911	299,152	(2,622,911)	(299,152)	-	-
Change in Net Position	19,134,675	31,863,385	3,216,595	5,849,587	22,351,270	37,712,972
Net Position, Beginning	357,759,913	325,896,528	112,899,164	107,049,577	470,659,077	432,946,105
Net Position, Ending	$ 376,894,588	$ 357,759,913	$ 116,115,759	$ 112,899,164	$ 493,010,347	$ 470,659,077

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $104,602,713.

Table 3
Governmental Funds
Condensed Balance Sheet

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total
Assets	$ 58,582,452	$ 3,849,447	$ 42,262,996	$ 1,629,881	$ 3,911,102	$ 7,571,570	$ 117,807,448
Liabilities	$ 2,640,275	$ 18,064	$ 4,365,064	$ 79	$ 98,148	$ 1,012,619	$ 8,134,249
Deferred inflows of resources	1,272,480	67,592	413,251	-	3,317,163	-	5,070,486
Fund balances	54,669,697	3,763,791	37,484,681	1,629,802	495,791	6,558,951	104,602,713
Total liabilities, deferred inflows of resources and fund balances	$ 58,582,452	$ 3,849,447	$ 42,262,996	$ 1,629,881	$ 3,911,102	$ 7,571,570	$ 117,807,448

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $54,496,309. The unassigned fund balance of the General Fund decreased by $2,257,370 primarily due to a significant increase in transfers to the Capital Projects fund to provide funding for various capital projects. This increase in transfers was offset by higher property, sales, and franchise tax collections resulting from the Town's growth. Intergovernmental revenues increased slightly, driven by an increase in emergency services provided to surrounding areas. Charges for services decreased primarily due to a decrease in plan reviews. Additionally, the Town's investment earnings decreased during the year due to unfavorable and fluctuating market conditions, compared to the previous year. The Town has a strong unassigned fund balance, which is planned to be gradually drawn down over the next five-years, as reflected in the Town's annual budget and four-year financial plan.

The Debt Service Fund had an increase of $1,105,227 in fund balance, attributed to property tax revenue and investment earnings that covered scheduled debt service payments. The Debt Service Fund also did not transfer and funds during the fiscal year as compared to the previous fiscal year.

The Capital Projects Fund experienced a decrease of $1,585,297 primarily due to capital expenditures for various projects, partially offset by transfers and interest earnings. This fund is designated to account for multi-year projects, which typically take more than one year to complete.

The PID Capital Projects Fund decreased by $1,740,664, mainly due to the expansion of PID projects within the Town. The PID Capital Projects Fund finances improvements and infrastructure projects in designated geographic areas. These districts are typically created to support public improvements that benefit residents and businesses in those areas, such as road repairs, parks, lighting, water systems, and other public infrastructure.

The Landscape Fund increased by 161,653, primarily due to an increase in transfers from the Solid Waste Fund.

Other governmental funds' had a combined increase in fund balances of $1,184,999, with nearly all of the increase attributable to collections of property tax, sales tax, franchise tax, and intergovernmental revenue in various Special Revenue Funds. At year end, almost the entire ending fund balance, $6,558,951, is restricted for specific purposes. For more details, see Combining and Individual Fund Financial Statements and Schedules section.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

At the end of the year, the unrestricted net position of the Enterprise Funds was $30,224,936, reflecting an increase in total net position of $3,216,595 compared to the previous year. Operating revenue for the year was $28,976,958, an increase of $2,026,564 from last year's operating revenue. This increase is largely due to a four percent water rate increase. Additionally, a particularly hot summer resulted in higher water consumption, contributing to increased revenue. The Town also realized an increase in expenditures for the purchase of water due to North Texas Municipal Water District (NTMWD) increasing the customer city rate by $0.25 per 1,000 gallons. Interest revenues increased by $365,319, or 14%, over the prior year, driven by the Town's active investment strategy.

General Fund Budgetary Highlights

The Town implements a 5 year financial plan that allows the Town to look ahead in order to meet the growth and service needs of the Town. In FY2025, the General Fund expenditure budget was increased by $868,350 over the FY2024 budget. Amendments made during FY2025 increased the original revenue and other financing sources budget by $2,238,234 and increased the expenditure and other financing uses budget by $9,989,234 within the General Fund.

The Town primarily amended the budget to transfer excess revenue received from the prior year to CIP fund for future capital projects. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval through an ordinance.

In the General Fund, the actual revenue received was $7,243,677 more than budgeted. This positive variance is most noticeable in taxes, interest, licenses and permits, and charges for services. This was due to growth in the community and market conditions for investments more favorable than budgeted.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $441,541,453 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 76% of the capital assets are governmental and 24% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 3.7%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 12,915,214	$ 11,830,360	$ 2,618,684	$ 2,611,684	$ 15,533,898	$ 14,442,044
Construction in progress	78,042,410	79,753,052	21,786,647	23,890,482	99,829,057	103,643,534
Buildings	51,036,281	52,771,317	1,736,385	1,813,714	52,772,666	54,585,031
Infrastructure	150,464,958	151,085,596	78,521,745	74,699,025	228,986,703	225,784,621
Other improvements	30,128,302	14,481,299	-	-	30,128,302	14,481,299
Machinery and equipment	11,124,259	9,127,082	1,371,996	1,497,335	12,496,255	10,624,417
Lease assets	1,115,602	1,379,168	-	-	1,115,602	1,379,168
Subscription assets	496,811	417,630	182,159	339,432	678,970	757,062
Total	$ 335,323,837	$ 320,845,504	$ 106,217,616	$ 104,851,672	$ 441,541,453	$ 425,697,176

Major capital asset events during the current fiscal year included expansion of the PID projects (including developer contributions), purchases of land, construction of fire station and public safety annex, and water infrastructure improvement projects.

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration

At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $105,450,000, all of which is backed by the full faith and credit of the Town. The decrease in debt outstanding is attributed to scheduled debt service payments. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
Gross bonded debt								
General obligation	$ 8,335,000	$ 10,710,000	$ 9,420,000	$ 10,935,000	$ 17,755,000	$ 21,645,000	$ -	$ -
Certificates of obligation	51,505,000	55,650,000	36,190,000	39,635,000	87,695,000	95,285,000	-	-
Total bonded debt	59,840,000	66,360,000	45,610,000	50,570,000	105,450,000	116,930,000	-	-
Other long-term debt								-
Notes payable	-	-	-	100,000	-	100,000	14,340,123	15,482,562
Unamortized premiums	3,920,042	4,273,907	2,892,023	3,138,002	6,812,065	7,411,909	-	-
Compensated absences	4,564,871	3,788,465	304,183	303,881	4,869,054	4,092,346	93,026	93,026
Lease liabilities	958,373	1,190,130	-	-	958,373	1,190,130	-	-
Subscription liabilities	430,162	288,430	123,033	210,126	553,195	498,556	-	-
Total OPEB liability	433,917	441,009	39,430	40,563	473,347	481,572	-	-
Net OPEB liability	1,892,069	-	171,931	-	2,064,000	-		
Net pension liability	5,528,927	8,479,686	502,410	770,528	6,031,337	9,250,214	-	-
Arbitrage liability	690,013	690,013	258,679	258,679	948,692	948,692	-	-
Total other long-term debt	18,418,374	19,151,640	4,291,689	4,821,779	22,710,063	23,973,419	14,433,149	15,575,588
Total	$ 78,258,374	$ 85,511,640	$ 49,901,689	$ 55,391,779	$ 128,160,063	$ 140,903,419	$ 14,433,149	$ 15,575,588

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating was maintained at AA+. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was $17,754,494. This is an increase of $1,774,486 from the prior year. The LEEDC's total revenues were $4,347,138 of which $3,992,922 was from sales taxes. For the year, the LEEDC had expenses of $2,572,652.

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was $2,880,534 . This is an increase of $358,119 from the prior year. The LECDC's total revenues were $2,148,062 of which $2,013,330 was from sales taxes. For the year, the LECDC had expenditures of $1,789,943.

2025 Highlights and Accomplishments

- During Fiscal Year 2025, the Town achieved several key milestones and accomplishments. The Town reduced the property tax rate from $0.589900 to $0.559900 per $100 of assessed valuation while continuing to enhance services in Public Safety, Parks and Recreation, and Public Works. This represents the lowest property tax rate in more than a decade. The Town maintained its strong bond ratings of AA+ from S&P Global Ratings and Aa2 from Moody's Investors Service, reflecting the Town's strong economic base, continued tax base growth, conservative budgeting practices, and sound financial management. These ratings support the Town's ability to access capital markets at favorable borrowing rates.
- The Town launched LexisNexis reporting software.
- The Public Safety Annex become operational in August 2025.
- The Town facilitated over 75 events throughout the year. As a result, the Town won several awards from the International Festivals & Events Association and the Texas Association of Municipal Information Officers.
- The Town officially opened Cottonwood Park in May 2025.
- 51 new businesses opened in 2025.
- The Town of Little Elm made Texas history by becoming the first town or city in the state to earn all four of the Governor's Tourism Certifications.
- The Town launched its new Internal Mentorship Program.
- The Finance Department launched a new Utility Billing portal.
- The Town completed 14 major projects across departments to improve efficiency and quality of life for town residents.
- The Town invested approximately $2.37M in annual street maintenance. This included 7,812 square yards of streets, curb, and gutter replacements, 2,982 square yards of sidewalk, ADA ramp maintenance and 40,582 linear feet of pavement markings.

Additional information regarding these and other accomplishments is available in the Town's 2024–2025 Strategic Annual Report, located at https://www.littleelm.org/1429/Plan-Progress.

Economic Factors and Next Year's Budget and Rates (2025-2026)

Little Elm continues to experience significant growth and development as long-term initiatives and projects move toward completion. While this growth has generated additional revenue and economic opportunity, it also presents challenges as the Town works to expand programs and services to meet increasing demand, support community expectations, and maintain sustainable service levels.

Town staff develop the operating and capital budgets to support the strategic goals and long-term objectives established in the Town Council's adopted Strategic Plan. The Strategic Plan, originally approved in 2013 and most recently updated in 2025, was developed through a series of workshops involving the Town Council, Community Development Corporation, Planning Commission, Economic Development Corporation, and Town staff. The Plan establishes the Town's vision and provides a framework to guide policy decisions and long-term planning. In accordance with the Town of Little Elm's Charter, the Strategic Plan is required to be maintained and updated every two years. The Council establishes the Town's vision, goals, and policy objectives through this process, and staff are responsible for implementing these priorities through the delivery of programs, services, and capital investments.

Town staff approached this year's budget and financial plan with a focus on the next phase of the community's development. With the Town Council's Strategic Plan in place for more than a decade, many of the priorities identified in the original 2013 plan have either been completed or are currently underway. Over the past decade, the Town has made significant progress in expanding service levels along the U.S. 380 corridor, establishing the Lakefront entertainment district, enhancing the parks and recreation system, and strengthening the organization to support a growing community.

Several planning initiatives are currently underway to guide the Town's future development. Small area planning efforts are being conducted to identify priorities and needs along the U.S. 380 corridor and within the Lakefront District. In addition, the Town has updated its Parks and Recreation Master Plan to identify future park investments, and a comprehensive update to the Town's Strategic Plan is currently in progress and expected to be presented for adoption in 2026. These efforts will help the Town build upon recent accomplishments while identifying priorities and service needs as the community approaches full build-out.

With the Fiscal Year (FY) 2025–2026 budget, the Town continues to enhance the implementation of full cost accounting. Cost accounting is the process of allocating indirect costs, such as administrative overhead and organization-wide expenses like insurance, to individual operating departments. This approach provides a clearer understanding of the fully burdened, or true, cost of delivering services across the organization. During the current year, the Town established the framework and allocation of drivers necessary to support this process. For the FY 2025 budget, these costs were incorporated into individual departmental budgets, providing improved transparency, supporting performance evaluation, and enhancing the Town's ability to assess service delivery costs.

For several years, the Town has prioritized maintaining a competitive property tax rate while generating sufficient revenue to support the needs of a rapidly growing community. In Fiscal Year 2026, the Town adopted a property tax rate of $0.549901 per $100 of assessed valuation, the lowest rate since 2009, while continuing to meet service and operational objectives. The adopted rate remains at the voter-approval tax rate, allowing the Town to plan for future obligations while supporting both short and long-term operational priorities.

Of the total tax rate, $0.441195 is allocated to operations and maintenance (O&M) within the General Fund, while $0.108706 is dedicated to the payment of general obligation debt service (interest and sinking fund, or I&S).

Several significant, multi-year capital projects are planned or underway in the Town's capital improvement program. Major projects include the Fire Station No. 4 and Police Substation, Cottonwood Park improvements, Little Elm Park camping improvements, Animal Shelter expansion, McCord Park water reuse line, West Side emergency interconnection, Hill Lane improvements, King Road improvements, Fishtrap Road improvements, North Oak Grove Parkway improvements, Main Street and Eldorado traffic signal improvements, wastewater treatment plant improvements, Mansell Pump Station project, West Side water system improvements, Supervisory Control and Data Acquisition (SCADA) improvements, and police radio and camera replacements.

The Fiscal Year 2025-2026 operating budget increased by 4.89% or $4.34 million, from the Fiscal Year 2024-2025 budget. The primary increase in budget to budget is a result of hiring 2.5 new FTEs, cost increase in compensation and benefits, and additional program costs.

Total Town wide revenues increased over the amended 2024-2025 budget due to the Town entering in additional interlocal agreements to provide public safety services for neighboring communities. The Town will continue to see commercial development, population growth, and increased property tax rolls in the coming years. The Town's newly assessed properties added $503 million more value to the tax roll. Sales tax revenue is also expected to grow. The total amount of sales tax ($.015) budgeted for FY 2025-2026 reflects an increase of 1.01% increase over last year's budget, which is another indicator of growth within the area. Major increases in operational costs are:

Current salary and benefits	$	3,307,900
Cottonwood Ballfields Turf Renovation	$	750,000
Wastewater Treatment Sludge Thickener	$	400,000
Water Reuse Irrigation System Study	$	250,000

General Fund revenues and budgeted transfers are estimated at $56.46M for FY 2025-2026. Property tax represents 52% of the total funding to the General Fund at $29.23 million. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General Fund is projected to generate revenue of approximately $7.561 million. Development Services is projected to collect $2.1 million for new residential construction permits.

The Water and Sewer Fund is expected to begin FY 2025-2026 with an $18 million working capital balance. The Town's policy initiative is to to maintain working capital reserves at a minimum of 120 days calculated from the previous year's earnings. A healthy fund balance is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five-year balanced budget.

The Utility Fund total system revenues are estimated at $26.5 million, or 3.04% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system and a 4% water rate increase effective this budget cycle.

The total number of budgeted employees or FTE's (Full-time equivalents) is 439, with 394 full-time positions and 45 seasonal or part-time positions, for a total salary and benefits cost of $50.73 million (including new positions). New positions budgeted for FY 2025-2026 are: Part time Audio/Video Technician, Tourism Recruitment and Planning Coordinator, and an Accountant.

The 2025-2026 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the seven Public Improvement Districts. The Financial Statements specifically address the creation for each zone and district.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

Basic Financial Statements

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Town of Little Elm, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
Assets					
Cash and cash equivalents	$ 39,276,485	$ 16,684,784	$ 55,961,269	$ 5,862,884	$ 1,700,586
Investments	70,027,449	12,151,049	82,178,498	-	1,230,128
Restricted cash and cash equivalents	1,629,881	5,770,617	7,400,498	-	-
Restricted investments	8,273,059	25,643,368	33,916,427	-	-
Receivables (net of allowance for uncollectibles)	5,120,998	4,552,261	9,673,259	1,082,880	356,892
Due from other governments	1,041,329	-	1,041,329	-	-
Lease receivable	4,107,438	-	4,107,438	3,315,997	-
Financed purchase receivable	-	-	-	2,110,226	-
Prepaids	62,362	1,840	64,202	-	-
Inventories	117,251	352,781	470,032	-	-
Capital, lease and subscription assets:					
Land	12,915,214	2,618,684	15,533,898	12,440,447	-
Depreciable assets, net	244,366,213	81,812,285	326,178,498	11,513,156	-
Construction in progress	78,042,410	21,786,647	99,829,057	-	-
Total assets	464,980,089	171,374,316	636,354,405	36,325,590	3,287,606
Deferred Outflows of Resources					
Deferred outflows - Pension	3,533,378	321,076	3,854,454	-	-
Deferred outflows - OPEB	354,177	32,185	386,362	-	-
Deferred loss on refunding	62,091	325,719	387,810	-	-
Total deferred outflows of resources	3,949,646	678,980	4,628,626	-	-
Total assets and deferred outflows of resources	$ 468,929,735	$ 172,053,296	$ 640,983,031	$ 36,325,590	$ 3,287,606
Liabilities					
Accounts payable and other accrued liabilities	$ 4,834,637	$ 3,080,930	$ 7,915,567	$ 532,908	$ 402,539
Accrued interest payable	631,029	558,674	1,189,703	39,269	-
Retainage payable	1,427,347	229,226	1,656,573	-	-
Customer deposits	1,208,820	2,041,018	3,249,838	-	-
Unearned revenue	367,950	-	367,950	-	4,533
Due within one year	6,930,660	3,447,358	10,378,018	1,176,503	-
Due in more than one year	71,327,714	46,454,331	117,782,045	13,256,646	-
Total liabilities	86,728,157	55,811,537	142,539,694	15,005,326	407,072
Deferred Inflows of Resources					
Deferred gain on refunding	25,110	-	25,110	-	-
Deferred inflows - Pension	1,168,749	106,204	1,274,953	-	-
Deferred inflows - OPEB	217,849	19,796	237,645	-	-
Deferred inflows - leases	3,895,282	-	3,895,282	3,565,770	-
Total deferred inflows of resources	5,306,990	126,000	5,432,990	3,565,770	-
Net Position					
Net investment in capital assets	276,753,957	79,404,409	356,158,366	9,413,421	-
Restricted					
Construction	-	6,486,414	6,486,414	-	-
Economic development	1,640,385	-	1,640,385	7,168,148	2,880,534
Stormwater drainage	2,516,417	-	2,516,417	-	-
Street maintenance	1,109,477	-	1,109,477	-	-
Debt service	3,763,791	-	3,763,791	1,172,925	-
Other	1,404,951	-	1,404,951	-	-
Unrestricted	89,705,610	30,224,936	119,930,546	-	-
Total net position	376,894,588	116,115,759	493,010,347	17,754,494	2,880,534
Total liabilities, deferred inflows of resources and net position	$ 468,929,735	$ 172,053,296	$ 640,983,031	$ 36,325,590	$ 3,287,606

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	$ 10,484,313	$ 2,063,445	$ 1,393,327	$ 2,311,146
Community services	4,301,386	5,338,795	-	-
Public safety	38,655,791	11,639,730	1,267,006	-
Public works	8,609,822	43,732	-	976,810
Culture and recreation	13,992,837	5,801,055	20,672	-
Interest	2,212,312	-	-	-
Total governmental activities	78,256,461	24,886,757	2,681,005	3,287,956
Business-type Activities:				
Water and sewer services	22,984,596	24,542,927	-	744,416
Solid waste services	3,792,905	4,382,434	-	-
Total business-type activities	26,777,501	28,925,361	-	744,416
Total primary government	$ 105,033,962	$ 53,812,118	$ 2,681,005	$ 4,032,372
Component Units				
Economic Development Corporation	2,572,652	189,270	-	-
Community Development Corporation	1,789,943	-	-	-
Total component units	$ 4,362,595	$ 189,270	$ -	$ -
General Revenues				
Taxes:				
Property taxes, penalty, and interest				
Sales taxes				
Franchise taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Community Development Corporation
$ (4,716,395)	$ -	$ (4,716,395)	$ -	$ -
1,037,409	-	1,037,409	-	-
(25,749,055)	-	(25,749,055)	-	-
(7,589,280)	-	(7,589,280)	-	-
(8,171,110)	-	(8,171,110)	-	-
(2,212,312)	-	(2,212,312)	-	-
(47,400,743)	-	(47,400,743)	-	-
-	2,302,747	2,302,747	-	-
-	589,529	589,529	-	-
-	2,892,276	2,892,276	-	-
$ (47,400,743)	$ 2,892,276	$ (44,508,467)	$ -	$ -
-	-	-	(2,383,382)	-
-	-	-	-	(1,789,943)
$ -	$ -	$ -	$ (2,383,382)	$ (1,789,943)
43,233,523	-	43,233,523	-	-
10,630,908	-	10,630,908	3,992,922	2,013,330
3,046,795	-	3,046,795	-	-
6,176,578	2,895,633	9,072,211	164,946	134,732
824,703	51,597	876,300	-	-
2,622,911	(2,622,911)	-	-	-
66,535,418	324,319	66,859,737	4,157,868	2,148,062
19,134,675	3,216,595	22,351,270	1,774,486	358,119
357,759,913	112,899,164	470,659,077	15,980,008	2,522,415
$ 376,894,588	$ 116,115,759	$ 493,010,347	$ 17,754,494	$ 2,880,534

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Debt Service	Capital Projects
Assets			
Cash and cash equivalents	$ 7,984,390	$ 1,716,106	$ 18,243,247
Investments	45,250,493	1,940,457	23,314,455
Restricted cash and cash equivalents	-	-	-
Receivables, net of allowance for doubtful accounts:			
Taxes	1,666,699	63,852	-
Franchise fees	927,470	-	-
Other	1,437,080	129,032	244,823
Leases	610,566	-	-
Due from other governments	-	-	460,471
Due from other funds	532,366	-	-
Prepaids	56,137	-	-
Inventories	117,251	-	-
Total assets	$ 58,582,452	$ 3,849,447	$ 42,262,996
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ 2,229,850	$ 11,322	$ 1,901,574
Due to other funds	16,263	-	-
Retainage payable	40,026	-	1,257,936
Unearned revenue	299,847	6,742	51,023
Deposits	54,289	-	1,154,531
Total liabilities	2,640,275	18,064	4,365,064
Deferred Inflows of Resources			
Unavailable resources	1,272,480	67,592	413,251
Total deferred inflows of resources	1,272,480	67,592	413,251
Fund Balances			
Nonspendable	173,388	-	-
Restricted	-	3,763,791	8,273,059
Committed	-	-	-
Assigned	-	-	29,211,622
Unassigned	54,496,309	-	-
Total fund balances	54,669,697	3,763,791	37,484,681
Total liabilities, deferred inflows of resources and fund balances	$ 58,582,452	$ 3,849,447	$ 42,262,996

PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 235,411	$ 3,992,665	$ 32,171,819
-	172,136	2,420,109	73,097,650
1,629,881	-	-	1,629,881
-	-	378,040	2,108,591
-	-	-	927,470
-	6,683	177,410	1,995,028
-	3,496,872	-	4,107,438
-	-	580,858	1,041,329
-	-	16,263	548,629
-	-	6,225	62,362
-	-	-	117,251
$ 1,629,881	$ 3,911,102	$ 7,571,570	$ 117,807,448
$ 79	$ 71,105	$ 367,573	$ 4,581,503
-	-	532,366	548,629
-	26,415	102,970	1,427,347
-	628	9,710	367,950
-	-	-	1,208,820
79	98,148	1,012,619	8,134,249
-	3,317,163	-	5,070,486
-	3,317,163	-	5,070,486
-	-	6,225	179,613
1,629,802	-	6,671,230	20,337,882
-	495,791	-	495,791
-	-	-	29,211,622
-	-	(118,504)	54,377,805
1,629,802	495,791	6,558,951	104,602,713
$ 1,629,881	$ 3,911,102	$ 7,571,570	$ 117,807,448

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Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2025

Total Governmental Funds Balances	$	104,602,713
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets of $5,759,661, which are allocated to governmental activities.		329,564,176
Accrued interest on governmental activities debt is not reported in the funds until paid.		(631,029)
Arbitrage due in connection with unspent bond proceeds is recorded as an arbitrage liability in the statement of net position but does not become a liability in the funds until the due date.		(690,013)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		1,175,204
The internal service fund is used by management to charge the cost of certain activities, such as fleet management, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund that are attributable to governmental activities are included in the government-wide financial statements.		17,903,960
Included in the items related to long-term liabilities is the recognition of the Town's net pension liability. The net position related to pensions includes deferred outflows of resources in the amount of $3,533,378, deferred inflows of resources in the amount of $1,168,749, and the net pension liability of $5,528,927.		(3,164,298)
Included in the items related to long-term liabilities is the recognition of the Town's total OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of $104,835, deferred inflows of resources in the amount of $200,432, and the total OPEB liability of $433,917.		(529,514)
Included in the items related to long-term liabilities is the recognition of the Town's net OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of $249,342, deferred inflows of resources in the amount of $17,417, and the net OPEB liability of $1,892,069.		(1,660,144)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(4,564,871)
Long-term liabilities excluding compensated absences, arbitrage, pension or OPEB and the related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:		
Deferred outflows of resources:		
Deferred loss on bond refunding		62,091
Long-term liabilities:		
Due in one year		(5,851,710)
Due in more than one year		(59,296,867)
Deferred inflows of resources:		
Deferred gain on bond refunding		(25,110)
Net Position of Governmental Activities	$	376,894,588

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	General Fund	Debt Service	Capital Projects
Revenues			
Taxes:			
Property taxes, penalty, and interest	$ 29,741,590	$ 9,421,442	$ -
General sales and use taxes	8,386,582	-	-
Franchise taxes and other	2,832,491	-	-
Licenses and permits	4,233,328	-	1,123,909
Intergovernmental	8,858,379	114,626	2,179,251
Charges for services	8,208,329	-	-
Impact fees	-	-	1,331,895
Fines and forfeitures	1,078,454	-	-
Contributions	-	-	-
Interest	2,945,772	294,700	1,992,669
Other revenues	499,385	-	-
Total revenues	66,784,310	9,830,768	6,627,724
Expenditures			
Current:			
General government	7,311,729	-	4,500
Community services	3,615,286	-	-
Public safety	36,246,834	-	-
Public works	4,802,468	-	-
Culture and recreation	9,987,578	-	-
Debt service:			
Principal retirement	483,787	6,520,000	-
Interest and fiscal agent fees	99,701	2,205,541	-
Capital outlay	2,179,795	-	15,763,521
Total expenditures	64,727,178	8,725,541	15,768,021
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,057,132	1,105,227	(9,140,297)
Other Financing Sources (Uses)			
Leases issued	7,235	-	-
Subscriptions issued	386,527	-	-
Sale of capital assets	2,201	-	-
Insurance recoveries	327,000	-	-
Transfers in	2,962,535	-	8,000,000
Transfers out	(8,000,000)	-	(445,000)
Total other financing sources (uses)	(4,314,502)	-	7,555,000
Net Change in Fund Balances	(2,257,370)	1,105,227	(1,585,297)
Fund Balances, Beginning of Year	56,927,067	2,658,564	39,069,978
Fund Balances, End of Year	$ 54,669,697	$ 3,763,791	$ 37,484,681

The accompanying notes to the basic financial statements are an integral part of this statement.

PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 4,040,904	$ 43,203,936
-	-	2,244,326	10,630,908
-	-	214,304	3,046,795
-	-	-	5,357,237
-	50,000	1,168,784	12,371,040
-	317,928	808,672	9,334,929
-	-	-	1,331,895
-	-	232,158	1,310,612
-	-	32,222	32,222
120,011	14,238	320,602	5,687,992
4,500	13,800	24,000	541,685
124,511	395,966	9,085,972	92,849,251
684,716	-	3,349,034	11,349,979
-	634,313	-	4,249,599
-	-	1,439,857	37,686,691
-	-	2,677,332	7,479,800
-	-	63,443	10,051,021
-	-	-	7,003,787
-	-	-	2,305,242
1,180,459	-	76,683	19,200,458
1,865,175	634,313	7,606,349	99,326,577
(1,740,664)	(238,347)	1,479,623	(6,477,326)
-	-	-	7,235
-	-	-	386,527
-	-	-	2,201
-	-	-	327,000
-	400,000	-	11,362,535
-	-	(294,624)	(8,739,624)
-	400,000	(294,624)	3,345,874
(1,740,664)	161,653	1,184,999	(3,131,452)
3,370,466	334,138	5,373,952	107,734,165
$ 1,629,802	$ 495,791	$ 6,558,951	$ 104,602,713

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Town of Little Elm, Texas
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds	$	(3,131,452)
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		(328,419)
This amount is the amount of governmental activities capital asset additions for the current period, $22,152,398, less $1,431,807 in developer contributions and $1,520,133 of additions allocated from the internal service fund.		19,200,458
Depreciation/amortization on capital, lease, and subscription assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. This amount excludes $1,422,850 of depreciation/amortization in the internal service fund.		(5,816,606)
Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue.		1,431,807
The net effect of various transactions involving capital assets (i.e. sales) excluding $327,556 related to the internal service fund is to decrease net position.		(434,609)
The issuance of long-term debt (e.g. bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of leases		(7,235)
Issuance of subscriptions		(386,527)
Repayment of principal on long-term debt		6,520,000
Repayment of principal on leases		238,992
Repayment of principal on subscription liabilities		244,795
Amortization of:		
Premium on issuance of long-term debt		353,865
Deferred gain/loss on bond refunding		(4,711)
Current year change in accrued interest payable does not require the use of current financial resources; but it reported as an expense in the government-wide statements.		(256,224)
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net Pension liability and related deferred outflows and inflows of resources		777,640
Total OPEB liability and related deferred outflows and inflows of resources		2,328
Net OPEB liability and related deferred outflows and inflows of resources		(1,660,144)
Compensated absences liability		(776,406)
The internal service fund is used by management to charge the costs of certain activities, such as fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities.		3,167,123
Change in Net Position of Governmental Activities	$	19,134,675

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Assets				
Current assets				
Cash and cash equivalents	$ 15,566,921	$ 1,117,863	$ 16,684,784	$ 7,104,666
Investments	11,328,452	822,597	12,151,049	5,202,858
Restricted cash and cash equivalents	5,770,617	-	5,770,617	-
Restricted Investments	25,643,368	-	25,643,368	-
Receivables (net of allowance for uncollectibles)	4,123,032	429,229	4,552,261	89,909
Prepaids	1,840	-	1,840	-
Inventories	352,781	-	352,781	-
Total current assets	62,787,011	2,369,689	65,156,700	12,397,433
Noncurrent assets				
Capital and subscription assets				
Land	2,618,684	-	2,618,684	-
Depreciable assets, net	81,726,500	85,785	81,812,285	5,759,661
Construction in progress	21,786,647	-	21,786,647	-
Total noncurrent assets	106,131,831	85,785	106,217,616	5,759,661
Total assets	168,918,842	2,455,474	171,374,316	18,157,094
Deferred Outflows of Resources				
Deferred outflows - Pension	321,076	-	321,076	-
Deferred outflows - OPEB	32,185	-	32,185	-
Deferred loss on refunding	325,719	-	325,719	-
Total deferred outflows of resources	678,980	-	678,980	-
Total assets and deferred outflows of resources	$ 169,597,822	$ 2,455,474	$ 172,053,296	$ 18,157,094
Liabilities				
Current liabilities				
Accounts payable and other accrued liabilities	2,711,435	369,495	3,080,930	253,134
Retainage payable	229,226	-	229,226	-
Accrued interest payable	558,674	-	558,674	-
Customer deposits	2,041,018	-	2,041,018	-
Current portion of long-term debt	3,447,116	242	3,447,358	-
Total current liabilities	8,987,469	369,737	9,357,206	253,134
Noncurrent liabilities				
Long-term debt, net of current portion	46,451,213	3,118	46,454,331	-
Total noncurrent liabilities	46,451,213	3,118	46,454,331	-
Total liabilities	55,438,682	372,855	55,811,537	253,134
Deferred Inflows of Resources				
Deferred inflows - Pension	106,204	-	106,204	-
Deferred inflows - OPEB	19,796	-	19,796	-
Total deferred inflows of resources	126,000	-	126,000	-
Net Position				
Net investment in capital assets	79,318,624	85,785	79,404,409	5,525,465
Restricted for				
Construction - impact fees	6,486,414	-	6,486,414	-
Unrestricted	28,228,102	1,996,834	30,224,936	12,378,495
Total net position	114,033,140	2,082,619	116,115,759	17,903,960
Total liabilities, deferred inflows of resources and net position	$ 169,597,822	$ 2,455,474	$ 172,053,296	$ 18,157,094

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water and Sewer	Solid Waste	Total	Internal Service Fund
Operating Revenues				
Water sales	$ 15,168,224	$ -	$ 15,168,224	$ -
Charges for sewer services	8,827,948	-	8,827,948	-
Tap, connection, and other fees	546,755	-	546,755	-
Charges for solid waste	-	4,382,434	4,382,434	-
Contributions	-	-	-	4,113,332
Other revenue	-	51,597	51,597	66,006
Total operating revenues	24,542,927	4,434,031	28,976,958	4,179,338
Operating Expenses				
Personnel services	3,363,880	85,719	3,449,599	-
Contractual services	1,018,959	3,550,895	4,569,854	-
Repairs and maintenance	529,675	24,495	554,170	-
Water purchases	7,784,939	-	7,784,939	-
Supplies	2,743,962	27,015	2,770,977	350,921
Depreciation and amortization	4,866,538	59,657	4,926,195	1,422,850
Operating expenses	774,520	45,124	819,644	-
Total operating expenses	21,082,473	3,792,905	24,875,378	1,773,771
Operating Income	3,460,454	641,126	4,101,580	2,405,567
Nonoperating Revenues (Expenses)				
Gain on sale of capital assets	-	-	-	258,724
Interest income	2,807,567	88,066	2,895,633	502,832
Interest expense	(1,902,123)	-	(1,902,123)	-
Total nonoperating revenues (expenses)	905,444	88,066	993,510	761,556
Income Before Capital Contributions, Impact Fees, and Transfers	4,365,898	729,192	5,095,090	3,167,123
Impact fees	744,416	-	744,416	-
Transfers out	(2,022,911)	(600,000)	(2,622,911)	-
Total capital contributions, impact fees, and transfers	(1,278,495)	(600,000)	(1,878,495)	-
Change in Net Position	3,087,403	129,192	3,216,595	3,167,123
Net Position, Beginning of Year	110,945,737	1,953,427	112,899,164	14,736,837
Net Position, End of Year	$ 114,033,140	$ 2,082,619	$ 116,115,759	$ 17,903,960

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Total	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 24,127,690	$ 4,350,920	$ 28,478,610	$ -
Receipts from interfund charges for services	-	-	-	4,151,276
Payments to suppliers	(12,415,469)	(3,584,351)	(15,999,820)	(440,724)
Payments to employees	(3,240,879)	(84,438)	(3,325,317)	-
Cash received (paid) from transactions with other funds	(1,406)	-	(1,406)	-
Net cash provided by operating activities	8,469,936	682,131	9,152,067	3,710,552
CASH FLOWS FROM NONCAPITAL FINACING ACTIVITIES				
Transfers out	(2,022,911)	(600,000)	(2,622,911)	-
Net cash used for noncapital financing activities	(2,022,911)	(600,000)	(2,622,911)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(6,748,117)	-	(6,748,117)	(1,285,937)
Proceeds from sale of capital assets	443,878	26,647	470,525	258,724
Impact fees	744,416	-	744,416	-
Principal paid on capital debt	(5,060,000)	-	(5,060,000)	-
Interest paid on capital debt	(1,948,167)	-	(1,948,167)	-
Net cash provided by (used for) capital financing activities	(12,567,990)	26,647	(12,541,343)	(1,027,213)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net purchases of investments	(1,387,554)	(190,139)	(1,577,693)	(1,894,292)
Interest and dividends on investments	2,807,567	88,066	2,895,633	502,832
Net cash provided by (used for) investing activities	1,420,013	(102,073)	1,317,940	(1,391,460)
Net increase (decrease) in cash and cash equivalents	(4,700,952)	6,705	(4,694,247)	1,291,879
Cash and cash equivalents, beginning of the year	26,038,490	1,111,158	27,149,648	5,812,787
Cash and cash equivalents, ending of the year	$ 21,337,538	$ 1,117,863	$ 22,455,401	$ 7,104,666

(Including $2,041,018 of restricted cash and cash equivalents in the Water and Sewer Fund)

The accompanying notes to the basic financial statements are an integral part of this statement.

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 3,460,454	$ 641,126	$ 4,101,580	$ 2,405,567
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/amortization	4,866,538	59,657	4,926,195	1,422,850
(Increase) decrease in assets and deferred outflows of resources:				
Receivables, net	(404,700)	(83,111)	(487,811)	(28,062)
Inventories	38,598	-	38,598	-
Prepaids	(1,330)	-	(1,330)	-
Deferred outflows of resources - pension	94,432	-	94,432	-
Deferred outflows of resources - OPEB	(22,316)	-	(22,316)	-
Increase (decrease) in liabilites and deferred inflows of resources:				
Accounts payable and other accrued liabilities	528,563	63,178	591,741	(89,803)
Retainage payable	(94,819)	-	(94,819)	-
Customer deposits	(10,537)	-	(10,537)	-
Deferred inflows of resources - pension	102,934	-	102,934	-
Deferred inflows of resources - OPEB	1,675	-	1,675	-
Compensated absences	7,764	1,281	9,045	-
Net Pension and Total OPEB liability	(97,320)	-	(97,320)	-
Net Cash Provided by Operating Activities	$ 8,469,936	$ 682,131	$ 9,152,067	$ 3,710,552
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital assets in accounts payable and change in retainage payable	$ 1,112,164	$ -	$ 1,112,164	$ 234,196

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2025

	PID Custodial Fund
Assets	
Cash and cash equivalents	$ 23,430,083
Total assets	23,430,083
Net Position	
Restricted for:	
Debt service	23,430,083
Total net position	$ 23,430,083

Town of Little Elm, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2025

	PID Custodial Fund
Additions	
Property taxes collected in district	$ 20,131,983
Other revenue	31,217
Total additions	20,163,200
Deductions	
Payments to bond holders	17,469,363
Total deductions	17,469,363
Net Increase in Fiduciary Net Position	2,693,837
Net Position, Beginning of Year	20,736,246
Net Position, End of Year	$ 23,430,083

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Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation/amortization expenses on the Town's capital, lease and subscription assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half- cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and is presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ #3) to provide additional financing resources to further enhance development within the zone. TIRZ #3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ #3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ #3 qualifies for blending because the Board is the same as the Town Council. TIRZ #3 does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ #4) to provide additional financing resources to further enhance development within the zone. TIRZ #4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #4 qualifies for blending because the Board is the same as the Town Council. TIRZ #4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ #5) to provide additional financing resources to further enhance development within the zone. TIRZ #5 commenced December 2014 and was amended in fiscal year 2021 and will terminate on December 31, 2060, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #5 qualifies for blending because the Board is the same as the Town Council. TIRZ #5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ #6) to provide additional financing resources to further enhance development within the zone. TIRZ #6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #6 qualifies for blending because the Board is the same as the Town Council. TIRZ #6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefit obligations, and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the Town. This fund is designated as major.

Landscape Fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular, funds are used to manage the medians and screening walls along all street thoroughfares. This fund is designated as major.

The Town reports the following non-major governmental funds.

Special Revenue Fund accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund is a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021. In 2025, the Town is required by state law to renew through citizen voters to authorize the continuation of this dedicated sales tax.

Hotel Occupancy Tax Fund accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance on May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

Little Elm TIRZ #3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ #4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ #5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ #6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD Fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation/amortization on capital, lease and subscription assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users. This fund is designated as major.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

3. Fiduciary Funds:

The Town reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as the custodian for the Public Improvement Districts within the Town.

Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town. The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent donations for specific purposes, restricted bond proceeds for capital improvements, and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

Restricted Assets

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position/balance sheet because their use is limited by contractual agreements.

Inventories and Prepaid Items

Inventory is valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

Due from Other Governments

The amount due from other governments represent balances owed to the Town from various governmental agencies for reimbursement of eligible expenditures.

Lease Receivable

The Town is a lessor for noncancellable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, plant, equipment, right to use and subscripton assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated or amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual economic experience for the Town's pension and OPEB plan – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Differences between expected and actual economic experience for the Town's pension and OPEB plan – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and fees, ambulance billing, alarm permit fees and intergovernmental revenues.

Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits, sick pay benefits, and compensatory time. The Town's policy is that leave earned in the current period is used before leave earned in prior periods. Employees are reimbursed upon termination for accumulated vacation benefits, sick pay benefits, and compensatory time. The liabilities for these amounts is accrued when incurred in the government-wide and proprietary fund financial statements. Accrued vacation, sick and compensatory time that is expected to be liquidated within one year is reported as a short-term liability. The remainder is reflected as long-term.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of fees collected in advance for future reservations and memberships.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight- line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Liability

The Town is a lessee for noncancellable leases of property and equipment. The Town recognizes a lease liability, reported with long-term debt, and a right to use lease asset (lease asset), reported with capital, lease and subscription assets, in the government wide and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the Town is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Liability

The Town contracts for noncancellable subscriptions of information technology software. The Town recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of $10,000 or more.

At the commencement of a subscription, the Town measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life or subscription term, whichever is shorter.

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease, and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan (OPEB)

The Town has a single-employer defined benefit other postemployment benefit (OPEB) plan through TMRS for Supplemental Death Benefits Fund (SDBF Plan) and a single-employer defined benefit OPEB plan for Retiree Health (Retiree Health Plan). For purposes of measuring the total OPEB liability and net OPEB liability for the Plans, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plans.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities, proprietary and fiduciary funds. The government-wide, proprietary, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund Balance Classifications

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

- Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.
- Unassigned fund balance: is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Fund Balance and Net Position Assumption Flows

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Minimum Fund Balance Policy

It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures. Current reserve levels are in excess of 84% of budgeted expenditures.

Deficit Fund Balance

At September 30, 2025, the Grant fund and Little Elm TIRZ #5 fund have a deficit fund balance of $116,960 and $1,544, respectively, due to reimbursements owed to other funds that will be repaid as grant reimbursements are received. The deficit will be eliminated over the next year as grant reimbursements are received and balances due to other funds paid.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town's management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

The Town has adopted and implemented the following statement during fiscal year ended September 30, 2025:

The Town adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) for the year ended September 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The adoption of GASB 101 had no impact on the Town's beginning of year net position.

The Town adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) for the year ended September 30, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the Town's beginning of year net position.

Future Financial Reporting Requirements

The GASB has issued the following potentially significant statements which the Town has not yet adopted, and which require adoption subsequent to September 30, 2025. The Town will evaluate the potential impact on the Town's net position.

Statement No.	Title	Adoption Required
103	*Financial Reporting Model Improvements*	September 30, 2026
104	*Disclosure of Certain Capital Assets*	September 30, 2026
105	*Subsequent Events*	September 30, 2027

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town and its discretely presented component units' deposits was $61,296,141, excluding deposits in the Fiduciary Fund of $23,430,083, and the bank balance was $61,276,948. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town’s name.

Cash and investments as of September 30, 2025 consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Primary Government	
Cash and cash equivalents	$ 55,961,269
Investments	82,178,498
Restricted cash and cash equivalents	7,400,498
Restricted investments	33,916,427
Fiduciary Fund	
Cash and cash equivalents	23,430,083
Component Units	
Cash and cash equivalents	7,563,470
Investments	1,230,128
Total cash and investments	$ 211,680,373
Cash on hand	$ 1,864
Deposits with financial institutions	84,726,224
Investments	126,952,285
Total cash and investments	$ 211,680,373

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. Agency obligations	5 years	None	None
Certificates of deposit	5 years	None	None
No-load money market mutual funds	5 years	None	None
Direct obligations of State of Texas	5 years	None	None
Investment pools	5 years	None	None

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Investing is performed in accordance with investment policies adopted by the Town Council in compliance with the Public Funds Investment Act (PFIA).

Town investment policy and the PFIA generally permit the Town to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas and obligations of agencies, counties, cities, and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2025, the Town did not own any types of securities other than those permitted by the Town investment policy or the PFIA.

Concentration of credit risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial credit and interest rate risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent. As of September 30, 2025 the Town and its discretely presented component units' deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

U.S. Treasury Notes classified as level 1 are valued using prices quoted in active markets for those securities. Negotiable certificates of deposit are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificates of deposit are measured at fair value with level 2 inputs. U.S. Government Securities reported as level 2 are valued using a matric pricing technique. Matrix pricing is used to value securities' relationship to benchmark quoted prices.

	Fair Value Measurements Using					
	Value at September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to fair value						
Investment pools						
TexPool	$ 28,043,671	$ -	$ -	$ -	22.09%	42
LOGIC	23,304,383	-	-	-	18.36%	52
Subject to fair value level						
Marketable equity securities						
Money market	11,693,184	11,693,184	-	-	9.21%	2,893
U.S. Agency Securities	5,000,450	5,000,450	-	-	3.94%	148
U.S. Treasury Notes	49,273,505	2,238,590	47,034,915	-	38.81%	147
Negotiable certificate of deposits	9,637,092	-	9,637,092	-	7.59%	324
Total value	$ 126,952,285	$ 18,932,224	$ 56,672,007	$ -		

Investment in State Investment Pools

The Town is a voluntary participant in TexPool and LOGIC. It is noted that investment pools are not subject to the fair value hierarchy.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

Hilltop Securities, Inc. (HTS) and JPMorgan Investment Management, Inc. (JPMIM) serve as co-administrators for LOGIC under an agreement with its Board of Trustees and Board of Directors, respectively. HTS provides distribution, administrative, participant support and marketing services. JPMIM provides investment management, custody, and fund accounting services. JPMorgan Chase Bank, N.A. serves as custodian for LOGIC. LOGIC is carried at net asset value.

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2025 (2024 tax) levy was based on $8,562,557,098. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2025 was $0.559900 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2025 were approximately 99.61% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2025 are as follows:

	Governmental Activities						
	General Fund	Debt Service	Capital Projects	Landscape Fund	Nonmajor Funds	Internal Service Fund	Total
Ad valorem taxes	$ 239,969	$ 67,631	$ -	$ -	$ -	$ -	$ 307,600
Sales taxes	1,445,564	-	-	-	378,040	-	1,823,604
Court	2,074,710	-	-	-	-	-	2,074,710
Ambulance	2,137,214	-	-	-	-	-	2,137,214
Storm drainage	-	-	-	-	149,493	-	149,493
Franchise fees	927,470	-	-	-	-	-	927,470
Leases	610,566	-	-	3,496,872	-	-	4,107,438
Other	742,082	129,032	244,823	6,683	34,766	89,909	1,247,295
Gross receivables	8,177,575	196,663	244,823	3,503,555	562,299	89,909	12,774,824
Less: allowances	(3,535,760)	(3,779)	-	-	(6,849)	-	(3,546,388)
Net total receivables	$ 4,641,815	$ 192,884	$ 244,823	$ 3,503,555	$ 555,450	$ 89,909	$ 9,228,436

	Enterprise Funds (Business-Type Activities)		
	Water and Sewer	Solid Waste	Total
Customer accounts	$ 3,872,992	$ 347,731	$ 4,220,723
Note receivable	-	-	-
Other	439,989	98,328	538,317
Gross receivables	4,312,981	446,059	4,759,040
Less: allowances	(189,949)	(16,830)	(206,779)
Net total receivables	$ 4,123,032	$ 429,229	$ 4,552,261

	Component Units		
	EDC	**CDC**	**Total**
Sales taxes	$ 1,037,093	$ 347,207	$ 1,384,300
Other	45,787	9,685	55,472
Total receivables	$ 1,082,880	$ 356,892	$ 1,439,772

Leases Receivable

The Town and EDC are lessors for non-cancellable leases of the right-to-use of land, buildings and infrastructure. The Town's leases have interest rates that range from 0.000% to 1.882% annually and terms that range from 14 to 41 years. The Town has $4,107,438 remaining in leases receivable and $3,895,282 of deferred inflows of resources as of September 30, 2025. The Town recorded $233,737 of lease revenue, including interest, during the fiscal year.

EDC has $3,315,997 of leases receivable remaining and $3,565,770 of deferred inflows of resources as of September 30, 2025. EDC's leases have interest rates that range from 1% to 3.489% annually and terms that range from 10 to 50 years. EDC recorded $87,596 in lease revenue, including interest during the fiscal year.

A lease terminated during the year as a result of the close of the business and subsequent purchase of building by the EDC. In the previous year an allowance was recorded for the lease receivable with a like reduction of the deferred inflow of resources. As such, the EDC removed the lease receivable related to this agreement during the fiscal year of $653,846.

Another lease agreement was amended to increase rent payments. The lease receivable and related deferred inflows of resources for the lease increased by $408,091 and $402,173 respectively.

As of September 30, 2025, the expected lease receipts through the expiration of all leases are as follows:

Leases Receivable

Fiscal Year Ending September 30,	Governmental Activities - Town			EDC		
	Principal	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2026	$ 196,964	$ 45,865	$ 242,829	$ 53,703	$ 62,110	$ 115,813
2027	204,749	43,386	248,135	54,723	61,090	115,813
2028	212,814	40,784	253,598	55,761	60,052	115,813
2029	221,171	38,055	259,226	56,820	58,993	115,813
2030	229,829	35,195	265,024	57,898	57,914	115,812
2031-2035	1,290,221	128,120	1,418,341	306,402	272,663	579,065
2036-2040	765,347	52,572	817,919	336,610	242,455	579,065
2041-2045	310,497	33,751	344,248	369,796	209,269	579,065
2046-2050	283,905	26,095	310,000	406,253	172,811	579,064
2051-2055	235,179	18,821	254,000	446,305	132,759	579,064
2056-2060	89,169	10,831	100,000	366,458	92,607	459,065
2061-2065	67,593	2,409	70,002	370,141	58,924	429,065
2066-2070			-	406,633	22,432	429,065
2071-2072	-	-	-	28,494	112	28,606
Total	$ 4,107,438	$ 475,884	$ 4,583,322	$ 3,315,997	$ 1,504,191	$ 4,820,188

Financed Purchase Receivable

The EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a financed purchase and expires in 2043. Due to the transfer of ownership at the end of the lease, it is not classified as a lease under GASB 87. The following are the components of the EDC's net investment in direct financing leases and reported as financed purchases receivable as of September 30, 2025:

Total minimum lease payments to be received	$ 3,273,139
Less: unearned interest income	(1,162,913)
Net investment in direct financing lease	$ 2,110,226

As of September 30, 2025, minimum lease payments to be received are as follows:

Fiscal Year	Amount
2026	$ 205,559
2027	205,559
2028	205,559
2029	205,559
2030	205,559
2031-2035	1,027,797
2036-2040	1,027,797
2041-2043	189,750
	$ 3,273,139

Note 5. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized					
Land	$ 11,830,360	$ 1,015,479	$ -	$ 69,375	$ 12,915,214
Construction in progress	79,753,052	16,993,283	(398,722)	(18,305,203)	78,042,410
Total capital assets, not being depreciated	91,583,412	18,008,762	(398,722)	(18,235,828)	90,957,624
Capital, lease and subscription assets being depreciated/amortized					
Infrastructure	220,933,725	-	-	508,389	221,442,114
Buildings	65,558,295	-	-	-	65,558,295
Improvements other than buildings	28,788,711	367,025	-	17,292,405	46,448,141
Machinery and equipment	26,915,197	3,382,849	(1,380,150)	435,034	29,352,930
Lease equipment	1,621,096	7,235	(3,998)	-	1,624,333
Subscription assets	904,989	386,527	(150,324)	-	1,141,192
Total capital, lease and subscription assets being depreciated/amortized	344,722,013	4,143,636	(1,534,472)	18,235,828	365,567,005
Less accumulated depreciation/amortization for					
Infrastructure	69,848,129	1,129,027	-	-	70,977,156
Buildings	12,786,978	1,735,036	-	-	14,522,014
Improvements other than buildings	14,307,412	2,012,427	-	-	16,319,839
Machinery and Equipment	17,788,115	1,775,618	(1,335,062)	-	18,228,671
Lease equipment	241,928	270,801	(3,998)	-	508,731
Subscription assets	487,359	316,547	(159,525)	-	644,381
Total accumulated depreciation/amortization	115,459,921	7,239,456	(1,498,585)	-	121,200,792
Total capital, lease and subscription assets being depreciated/amortized, net	229,262,092	(3,095,820)	(35,887)	18,235,828	244,366,213
Governmental activities capital, lease and subscription assets, net	$ 320,845,504	$ 14,912,942	$ (434,609)	$ -	$ 335,323,837

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	$ 2,611,684	$ 7,000	$ -	$ -	$ 2,618,684
Construction in progress	23,890,482	4,736,727	(350,402)	(6,490,160)	21,786,647
Total capital assets, not being depreciated	26,502,166	4,743,727	(350,402)	(6,490,160)	24,405,331
Capital and subscription assets being depreciated/amortized					
Buildings	2,247,606	-	-	-	2,247,606
Water system improvements	58,971,986	-	(111,878)	-	58,860,108
Sewer system improvements	51,490,605	1,693,348	-	6,490,160	59,674,113
Machinery and equipment	4,810,068	316,017	(186,801)	-	4,939,284
Subscription assets	663,948	9,572	-	-	673,520
Total capital assets being depreciated	118,184,213	2,018,937	(298,679)	6,490,160	126,394,631
Less accumulated depreciation/amortization for					
Buildings	433,892	77,329	-	-	511,221
Water system improvements	19,446,612	2,375,962	-	-	21,822,574
Sewer system improvements	16,316,954	1,872,948	-	-	18,189,902
Machinery and equipment	3,312,733	433,111	(178,556)	-	3,567,288
Subscription assets	324,516	166,845	-	-	491,361
Total accumulated depreciation/amortization	39,834,707	4,926,195	(178,556)	-	44,582,346
Total capital and subscription assets being depreciated/amortized, net	78,349,506	(2,907,258)	(120,123)	6,490,160	81,812,285
Business-type activities capital and subscription assets, net	$ 104,851,672	$ 1,836,469	$ (470,525)	$ -	$ 106,217,616

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 515,583
Public safety	1,094,724
Public works	344,373
Culture and recreation	3,861,926
Internal service fund	1,422,850
	$ 7,239,456
Business-type activities	
Solid Waste	$ 59,657
Water and Sewer	4,866,538
	$ 4,926,195

Capital asset activities of the Economic Development Corporation, discretely presented component unit, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Economic Development Corporaton					
Capital assets not being depreciated					
Land	$ 12,440,447	$ -	$ -	$ -	$ 12,440,447
Total capital assets, not being depreciated	12,440,447	-	-	-	12,440,447
Capital assets being depreciated					
Buildings	8,315,487	3,309,850	-	-	11,625,337
Infrastructure	-	200,000	-	-	200,000
Total capital assets being depreciated	8,315,487	3,509,850	-	-	11,825,337
Less accumulated depreciation for					
Buildings	161,785	150,396	-	-	312,181
Infrastructure	-	-	-	-	-
Total accumulated depreciation	161,785	150,396	-	-	312,181
Total capital assets being depreciation, net	8,153,702	3,359,454	-	-	11,513,156
Economic Development Corporaton, capital assets, net	$ 20,594,149	$ 3,359,454	$ -	$ -	$ 23,953,603

Note 6. Interfund Activity

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Solid Waste Fund	$ 200,000	Funding for operating costs
General Fund	Non-major Governmental Fund	294,624	Transfer for operating costs
General Fund	Water and Sewer Fund	2,022,911	Funding for operating costs
General Fund	Capital Projects Fund	445,000	Funding for operating costs
Capital Projects Fund	General Fund	8,000,000	Funding for governmental capital projects
Landscape Fund	Solid Waste Fund	400,000	Transfer for operating costs
		$ 11,362,535	

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and payable as of September 30, 2025:

Receivable	Payable	Amount	Purpose
General Fund	Non-major Governmental Fund	$ 532,366	Funds owed for allocation of restricted purposes
Non-major Governmental Fund	General Fund	16,263	Funds owed for allocation of restricted purposes
		$ 548,629	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of these deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Landscape Fund	Total
Property taxes	$ 234,166	$ 67,592	$ -	$ -	$ 301,758
Grants	-	-	413,251	-	413,251
Court fines	268,390	-	-	-	268,390
Ambulance	76,969	-	-	-	76,969
Leases	592,270	-	-	3,303,012	3,895,282
Other	100,685	-	-	14,151	114,836
Total	$ 1,272,480	$ 67,592	$ 413,251	$ 3,317,163	$ 5,070,486

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental activities					
General obligation bonds	$ 10,710,000	$ -	$ (2,375,000)	$ 8,335,000	$ 2,435,000
Certificates of obligation	55,650,000	-	(4,145,000)	51,505,000	3,015,000
Unamortized bond premium	4,273,907	-	(353,865)	3,920,042	-
Compensated absences	3,788,465	776,406	-	4,564,871	1,070,756
Net Pension Liability	8,479,686	-	(2,950,759)	5,528,927	-
Total OPEB Liability - TMRS	441,009	-	(7,092)	433,917	8,194
Total OPEB Liability - Retiree Health	-	1,892,069	-	1,892,069	-
Lease liabilities	1,190,130	7,235	(238,992)	958,373	186,563
Subscription liabilities	288,430	386,527	(244,795)	430,162	215,147
Arbitrage liability	690,013	-	-	690,013	-
	85,511,640	3,062,237	(10,315,503)	78,258,374	6,930,660
Business-type activities					
General obligation bonds	10,935,000	-	(1,515,000)	9,420,000	1,030,000
Certificates of obligation	39,635,000	-	(3,445,000)	36,190,000	2,250,000
Unamortized bond premium	3,138,002	-	(245,979)	2,892,023	-
Compensated absences	303,881	302	-	304,183	68,589
Note payable to EDC	100,000	-	(100,000)	-	-
Net Pension liability	770,528	-	(268,118)	502,410	-
Total OPEB Liability - TMRS	40,563	-	(1,133)	39,430	745
Total OPEB Liability - Retiree Health	-	171,931	-	171,931	-
Subscription liabilities	210,126	9,572	(96,665)	123,033	98,024
Arbitrage liability	258,679	-	-	258,679	-
	55,391,779	181,805	(5,671,895)	49,901,689	3,447,358
Total Primary Government	$ 140,903,419	$ 3,244,042	$ (15,987,398)	$ 128,160,063	$ 10,378,018
Component Units					
Notes payable - EDC	$ 15,482,562	$ -	$ (1,142,439)	$ 14,340,123	$ 1,172,925
Compensated absences	93,026	-	-	93,026	3,578
	$ 15,575,588	$ -	$ (1,142,439)	$ 14,433,149	$ 1,176,503

Changes in compensated absences are reflected net.

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2025:

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38%	$ -	$ -	$ 975,000	$ 480,000
6,000,000 Series 2013 Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00%	2,815,000	315,000	-	-
$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50%	460,000	160,000	-	-
$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plust interest at 2.00% to 3.50%	4,700,000	460,000	-	-
$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00%	-	-	4,855,000	390,000
$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00%	-	-	7,860,000	545,000
$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00%	9,380,000	560,000	-	-
$6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of $235,000 to $440,000 through February 2039, plus interest at 1.18% to 2.75%	5,125,000	280,000	-	-
$4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of $160,000 to $250,000 through February 2040, plus interest at 2.00% to 2.37%	3,235,000	180,000	-	-

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$21,765,000 Series 2021 Combination Tax and Revenue Certificates of Obligation due in annual installments of $805,000 to $1,400,000 through August 2041, plus interest at 2.00% to 5.00%	11,615,000	545,000	6,970,000	330,000
$9,560,000 Series 2022 Combination Tax and Revenue Certificates of Obligation due in annual installments of $285,000 to $1,110,000 through August 2042, plus interest at 4.00% to 5.00%	7,865,000	310,000	-	-
$23,820,000 Series 2024 Combination Tax and Revenue Certificates of Obligation due in annual installments of $710,000 to $1,980,000 through February 2044, plus interest at 4.00% to 5.00%	6,310,000	205,000	15,530,000	505,000
	$ 51,505,000	$ 3,015,000	$ 36,190,000	$ 2,250,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09%	$ 420,000	$ 210,000	$ -	$ -
$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50%	-	-	-	-
$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00%	625,000	145,000	765,000	195,000
$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00%	1,110,000	735,000	-	-
$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through August 2034, plus interest at 3.00% to 5.00%	-	-	8,655,000	835,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of $525,000 to $880,000 through August 2029, plus interest at 1.60% to 2.20%	3,340,000	790,000	-	-
$5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $720,000 to $535,000 through September 2030, plus interest at 2.00% to 1.77%	2,840,000	555,000	-	-
	$ 8,335,000	$ 2,435,000	$ 9,420,000	$ 1,030,000

The annual aggregate maturities for each debt type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total	Business-Type Activities Principal	Interest	Total
2026	$ 2,435,000	$ 186,594	$ 2,621,594	$ 1,030,000	$ 317,950	$ 1,347,950
2027	2,120,000	132,736	2,252,736	1,070,000	277,725	1,347,725
2028	1,580,000	83,530	1,663,530	1,115,000	234,925	1,349,925
2029	1,620,000	45,474	1,665,474	1,085,000	190,325	1,275,325
2030	580,000	6,264	586,264	970,000	156,275	1,126,275
2031-2034	-	-	-	4,150,000	325,588	4,475,588
Total	$ 8,335,000	$ 454,598	$ 8,789,598	$ 9,420,000	$ 1,502,788	$ 10,922,788

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total	Business-Type Activities Principal	Interest	Total
2026	$ 3,015,000	$ 1,848,550	$ 4,863,550	$ 2,250,000	$ 1,355,160	$ 3,605,160
2027	3,135,000	1,735,225	4,870,225	2,325,000	1,276,595	3,601,595
2028	3,240,000	1,598,550	4,838,550	1,905,000	1,195,838	3,100,838
2029	3,245,000	1,417,525	4,662,525	1,975,000	1,123,407	3,098,407
2030	3,370,000	1,281,375	4,651,375	2,050,000	1,047,419	3,097,419
2031-2035	17,375,000	4,481,478	21,856,478	11,500,000	3,968,171	15,468,171
2036-2040	14,155,000	1,845,989	16,000,989	9,115,000	1,874,906	10,989,906
2041-2044	3,970,000	222,669	4,192,669	5,070,000	389,381	5,459,381
Total	$ 51,505,000	$ 14,431,361	$ 65,936,361	$ 36,190,000	$ 12,230,877	$ 48,420,877

Lease Liabilities

The Town has entered into multiple lease agreements as lessee for the right-to-use equipment over the term of the lease. The Town is required to make periodic payments at its effective interest rate or the interest rate stated or implied within the leases. The Town's lease agreements incur interest at rates ranging from 0.236% to 0.4750% annually; all of which are accounted for within the governmental activities. Such arrangements range from 3 to 4 years in length.

The future principal and interest payments for lease liabilities as of September 30, 2025, are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 186,563	$ 125,741	$ 312,304
2027	167,938	120,377	288,315
2028	152,291	113,980	266,271
2029	42,892	106,076	148,968
2030	51,211	96,309	147,520
Thereafter	357,478	232,607	590,085
Total	$ 958,373	$ 795,090	$ 1,753,463

Subscription Liabilities

The Town has subscription IT arrangements to conduct its operations, the terms of which expire 2026 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

As of September 30, 2025, the value of the subscription liabilities was $430,162 and $123,033 for Governmental Activities and Business-Type Activities, respectively. An incremental borrowing rate of 3.000 percent to 3.630 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2025 for Governmental Activities was $1,141,192 and had accumulated amortization of $644,381. The value of the right-to-use subscription assets as of September 30, 2025 for Business-Type Activities was $673,520 and had accumulated amortization of $491,361.

The future principal and interest payments for subscription liabilities as of September 30, 2025, are as follows:

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 215,147	$ 12,641	$ 227,788	$ 98,024	$ 2,828	$ 100,852
2027	130,160	6,297	136,457	25,009	204	25,213
2028	40,690	2,721	43,411	-	-	-
2029	44,165	1,416	45,581	-	-	-
Total	$ 430,162	$ 23,075	$ 453,237	$ 123,033	$ 3,032	$ 126,065

Note Payable

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Little Elm EDC in ten equal yearly payments of $100,000 with the first installment payment to the Little Elm EDC to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The final payment was made during fiscal year 2025 and there was no remaining balance as of September 30, 2025.

Discretely Presented Component Units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2025 are as follows:

Payee	Description	Ending Balance at 9/30/2025
Government Capital Corporation	$7,593,750 payable to Corporation, made April 15, 2021, payable in semi-annual installments of $48,828 starting November 15, 2021 through May 15, 2023, then $132,092 through May 15, 2041, including interest at 2.57%	$ 6,824,802
Government Capital Corporation	$6,659,559, payable to Corporation, made June 23, 2020, payable in semi-annual installments of $337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75%	3,707,385
Southside Bank	$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest including interest at 3.4%	1,405,774
Southside Bank	$3,048,000 payable to bank, originally made July 13, 2017 and refinanced on July 13, 2021, payable in quarterly installments of $44,507, through to final payment January 13, 2043, including interest at 2.947%	2,402,162
		$ 14,340,123

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2026	$ 1,172,906	$ 369,443	$ 1,542,349
2027	1,204,191	338,158	1,542,349
2028	1,236,316	306,034	1,542,350
2029	1,269,303	273,047	1,542,350
2030	1,303,176	239,354	1,542,530
2031-2035	3,924,342	788,371	4,712,713
2036-2040	2,905,862	341,083	3,246,945
2041-2043	1,324,027	22,467	1,346,494
Total	$ 14,340,123	$ 2,677,957	$ 17,018,080

Note 9. Pension Plan

Plan Description

The Town participates as one of over 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	272
Active employees	348
	714

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of Member's total compensation, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.55% and 14.11% in calendar years 2024 and 2025, respectively. The Town's contributions to TMRS for the year ended September 30, 2025 were $4,477,365, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2024 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multipled by 103% and female rates by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. These assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution- based method.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 1, 2023	$ 73,124,064	$ 63,873,850	$ 9,250,214
Changes for the year			
Service cost	5,500,239	-	5,500,239
Interest	5,015,317	-	5,015,317
Change of benefit terms	(718,721)	-	(718,721)
Difference between expected and actual experience	(318,345)	-	(318,345)
Contributions - employer	-	3,983,651	(3,983,651)
Contributions - employee	-	2,085,681	(2,085,681)
Net investment income	-	6,671,594	(6,671,594)
Benefit payments, including refunds of employee contributions	(1,708,954)	(1,708,954)	-
Administrative expense	-	(42,564)	42,564
Other changes	-	(995)	995
Net changes	7,769,536	10,988,413	(3,218,877)
Balance at December 31, 2024	$ 80,893,600	$ 74,862,263	$ 6,031,337

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	$ 20,095,662	$ 6,031,337	$ (5,233,053)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the Town recognized pension expense of $3,628,974. At September 30, 2025, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 512,619	$ 253,243
Changes in actuarial assumptions	-	29,250
Difference between projected and actual investment earnings	-	992,460
Contributions subsequent to the measurement date	3,341,835	-
Total	$ 3,854,454	$ 1,274,953

The $3,341,835 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will reduce the net pension liability during the fiscal year ended September 30, 2026. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows (Inflows) of Resources
2026	$ 120,054
2027	617,254
2028	(969,684)
2029	(529,958)
	$ (762,334)

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Note 10. Other Postemployment Benefits Plans (OPEB)

Texas Municipal Retirement System

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	53
Active employees	348
	467

Contributions

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.03% and 0.03% for calendar years 2024 and 2025, respectively. The Town's contributions to the SDBF for the year ended September 30, 2025 were $48,777, and were equal to the required contributions. Covered employee payroll was $32,414,629.

Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08% (3.77% in prior year)
Retiree's share of benefit-related costs	$ 0
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The discount rate used to measure the Total OPEB Liability was 4.08% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2023	$ 481,572
Changes for the year	
Service Cost	35,755
Interest on Total OPEB Liability	18,661
Difference between expected and actual experience	(23,032)
Changes of assumptions or other inputs	(30,670)
Benefit payments	(8,939)
Net Changes	(8,225)
Balance at December 31, 2024	$ 473,347

Total OPEB liability was 1.59% of covered employee payroll during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.08%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.08%) or 1 percentage-point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB Liability	$ 582,296	$ 473,347	$ 390,721

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the Town recognized OPEB expense of $33,012. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,736	$ 41,726
Changes in assumptions and other inputs	76,136	176,919
Contributions subsequent to the measurement date	33,490	-
Total	$ 114,362	$ 218,645

The $33,490 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2026. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	Net deferred outflows (inflows) of resources
2026	$ (24,035)
2027	(21,370)
2028	(29,702)
2029	(35,785)
2030	(18,648)
Thereafter	(8,233)
Total	$ (137,773)

Retiree Health

Plan Description

One of the Town's other postemployment benefits (OPEB) plan is a single-employer defined benefit plan that provides medical benefits to retirees. Town employees are eligible for retiree medical benefits if they are eligible for retirement plan benefits under the provisions of the TMRS. Generally, employees eligible for retiree medical benefits are employees who retire with 20 years of service at any age or those employees who retire at age 60 with five years of service. Eligible participants include eligible spouses. The eligible member shall not be gainfully employed if receiving benefits from this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Town's OPEB plan does not issue a publicly available financial report.

Benefits Provided

The Town allows retired employees to enroll in the Town's health insurance plan. Medical benefits are for eligible retirees and spouses until age 65. Medicare supplement plans are available for eligible retirees and spouses who are age 65 and older. Eligible retirees and spouses who are age 65 and over may participate in the Medicare Supplement Plan. The retiree pays 100% of the premium. Town contributions financed on a pay-as-you-go basis. Participating retirees must make monthly contributions.

At the October 1, 2024 valuation and measurement date, the following employees were covered by the benefit:

Inactive employees currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	-
Active employees	324
	327

Total OPEB Liability

The Town’s Total OPEB Liability (NOL) was measured as of October 1, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the October 1, 2024 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	3.78% per year
Salary scale	Graded from 11.85% down to 3.60% based on service
Healthcare cost trend rates	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality	Employees: PUB – 2010 Amount-Weighted General Mortality Table – Employees, projected using two-dimensional mortality improvement scale MP-2021 PUB – 2010 Amount-Weighted Safety Mortality Table – Employees, projected using two-dimensional mortality improvement scale MP-2021 Retirees: PUB – 2010 Amount-Weighted General Mortality Table – Retiree, projected using two-dimensional mortality improvement scale MP-2021

	PUB – 2010 Amount-Weighted Safety Mortality Table – Retiree, projected using two-dimensional mortality improvement scale MP-2021 Surviving Spouse: PUB – 2010 Amount-Weighted Mortality Table – Contingent Survivor, projected using two-dimensional mortality improvement scale MP-2021
Actuarial cost method	Entry Age Actuarial Cost Method

The discount rate used to measure the Plan's total OPEB liability was 3.78% at year end and was based on the Municipal AA 20-year yield curve rate as of the measurement date. The prior year discount rate was 4.70%.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at October 1, 2023	$ 1,564,000
Changes for the year	
Service Cost	167,000
Interest on Total OPEB Liability	81,000
Difference between expected and actual experience	(22,000)
Contributions - employer	-
Changes of assumptions or other inputs	310,000
Benefit payments	(36,000)
Net Changes	500,000
Balance at October 1, 2024	$ 2,064,000

Total OPEB liability was 6.74% of covered employee payroll during the measurement period.

Rate Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.78%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.78%) or 1 percentage-point higher (4.78%) than the current rate:

	1% Decrease (2.78%)	Current Discount Rate (3.78%)	1% Increase (4.78%)
Total OPEB Liability	$ 2,328,000	$ 2,064,000	$ 1,832,000

The following presents the total OPEB liability of the Town, calculated using the healthcare rate of 7.00, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	$ 1,754,000	$ 2,064,000	$ 2,447,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the Town recognized OPEB expense of $291,000. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,000
Changes in assumptions and other inputs	272,000	-
Total	$ 272,000	$ 19,000

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	Net deferred outflows (inflows) of resources
2026	$ 35,000
2027	35,000
2028	35,000
2029	35,000
2030	35,000
Thereafter	78,000
Total	$ 253,000

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital, lease and subscription assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition and construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2025:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	$ -	$ 6,486,414	$ 6,486,414	$ -
Restricted for economic development	1,640,385	-	1,640,385	10,048,682
Restricted for stormwater drainage	2,516,417	-	2,516,417	-
Restricted for street maintenance	1,109,477	-	1,109,477	-
Restricted for debt service	3,763,791	-	3,763,791	1,172,925
Restricted for other:				
Donor stipulations	58,059	-	58,059	-
Public, education, government access	83,307	-	83,307	-
Tourism	385,659	-	385,659	-
Public safety	877,926	-	877,926	-
Total restricted for other	1,404,951	-	1,404,951	-
	$ 10,435,021	$ 6,486,414	$ 16,921,435	$ 11,221,607

Fund Balance

The composition of the governmental fund balances at September 30, 2025 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable							
Inventories	$ 117,251	$ -	$ -	$ -	$ -	$ -	$ 117,251
Prepaids	56,137	-	-	-	-	6,225	62,362
Total nonspendable	173,388	-	-	-	-	6,225	179,613
Restricted for							
Debt service	-	3,763,791	-	-	-	-	3,763,791
Street maintenance	-	-	-	-	-	1,109,477	1,109,477
Police	-	-	-	-	-	303,603	303,603
Fire	-	-	-	-	-	27,341	27,341
Stormwater drainage	-	-	-	-	-	2,516,417	2,516,417
Court	-	-	-	-	-	272,872	272,872
Library	-	-	-	-	-	58,059	58,059
Animal Control	-	-	-	-	-	-	-
Public, Education, Government Access	-	-	-	-	-	83,307	83,307
Tourism	-	-	-	-	-	385,659	385,659
Economic Development	-	-	-	-	-	1,640,385	1,640,385
Child Safety	-	-	-	-	-	274,110	274,110
Capital projects	-	-	8,273,059	1,629,802	-	-	9,902,861
Total restricted	-	3,763,791	8,273,059	1,629,802	-	6,671,230	20,337,882
Committed for							
Streetscape	-	-	-	-	495,791	-	495,791
Assigned for							
Capital projects	-	-	29,211,622	-	-	-	29,211,622
Unassigned	54,496,309	-	-	-	-	(118,504)	54,377,805
	$ 54,669,697	$ 3,763,791	$ 37,484,681	$ 1,629,802	$ 495,791	$ 6,558,951	$ 104,602,713

Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payments (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2025, the cost of water purchased under this contract was $7,784,939.

At September 30, 2025 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling $22,638,889.

The City participates in several federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement Districts

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones (“TIRZ”)(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority (“LERA”). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District (“PID”) in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 through Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY 2018 through Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created a TIRZ #5 in December 2014 with a base value of real property of $5,380,866. Over time, the TIRZ #5 zone has modified property parcels by adding into or removing from the zone to establish the area to reflect 943.5 acres. The zone is located near the intersections of US-380 and FM- 2931. The majority of the land within the TIRZ zone is vacant and undeveloped. The zone was established to facilitate the development of retail and single-family homes. At the time the original zone was established, the TIRZ project costs were financed by incremental real property tax generated and sales tax within the zone. Such incremental property tax was 46% from the Town of Little Elm and 50% of one cent of sales tax rate collected in the zone.

Since then, Town Council amended previous Ordinances and approved Ordinance No. 1607 Final Project and Financing Plan on May 4, 2021, which established the zone encompassing 862.23 acres. The goal of the TIRZ is still to facilitate the development of the currently vacant land with retail and single-family developments while creating a unique cohesive development that builds on the high development standard established within the Town. In order to fund the public improvements within the zone, the Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund beginning with incremental real property taxes due by January 31, 2022 and ending with incremental real property taxes due by January 31, 2060. The new base value of the taxable real property in the Zone is $15,654,221. Such public improvement costs that financed the incremental real property tax generated within the TIRZ include roadway, water system, sanitary sewer, storm water improvements, parks, trails, landscaping and hardscaping, public utilities purchase, and economic development grants for the total amount of $184,000,000. The Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund until the earlier of the maximum TIRZ increments paid for the TIRZ obligations reach $184 million or December 31, 2060.

The Town of Little Elm entered into agreements related to the Zone, including an Amended and Restated Tax Increment Payment (TIP) Agreement dated April 6, 2021. The Town agreed to make payments from the pledge revenues, which consist of 50% of the property taxes levied and finally collected by the Town for that year on the captured appraised value of real property taxable in the Zone to CADG Lincoln Park, LLC. The Public Finance Authority (PFA) issued Certificates of Participation, Series 2021 for $30,400,000 to provide funds to finance the project through paying the TIP payments. CADG has entered into an assignment agreement dated May 28, 2021 to which CADG sold, transferred, delivered, assigned, and conveyed the pledged revenues scheduled to be paid by the Town under the TIP agreement to PFA for the issuance of bonds.

The Town is not anticipated to issue bonds directly secured by the TIRZ increments. However, the TIRZ increments may be used as part of the repayment of bonds issued through other financial structures like a Public Improvement District (PID).

The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a through approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds ($4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 through Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

Council also approved a new PID within the TIRZ 5 zone February 22, 2021, identified as Spiritas Ranch Public Improvement District and on May 4, 2021, annexed in approximately 7.21 acres of land located in the Town's ETJ for such PID. This PID is generally located south of US-380, east of FM-720, and west of Lewisville Lake and estimated costs of the authorized improvements is $65,000,000. Such costs shall be paid by assessment of the property owners within the District. The developer will be obligated for the costs of authorized improvements and the Town will not be obligated to provide any funds to finance the authorized improvements other than from special assessments levied on real property within the District. On May 11th, 2021, Council approved Ordinance No. 1606 for the issuance and sale of special assessment revenue bonds (PID Bonds), Series 2021 in the amount of $43,200,000 for the Spiritas Ranch PID Area #1 and Major Improvement Area projects. The Bonds are secured solely from assessment revenues generated within the Spiritas Ranch PID for area #1 and major improvement area projects.

The Town's third PID was created by the Town in October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the PFA in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000, payable solely from and secured by a pledge of special assessments. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. At September 30, 2025, the oustanding balance of the special assessment bonds in connection with the Town's PIDs is $110,778,000. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone, all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax Increment Reinvestment Zones include TIRZ #3, #4, #5, and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, community park known as The Lawn at The Lakefront™, utilities, a recreation and aquatic center, landscaping, trails, a plaza and lighting. TIRZ #4, #5, and #6 were created to facilitate the development of the respective areas to bring in retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but is not limited to roads, water, sewer and storm water management. In fiscal year 2025, the Town made $3,820,434 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ # 3 until the date the TIRZ #3 zone terminates that of which is December 31, 2043. Denton County contributed $147,559 for fiscal year 2025.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act), Chapter 312 (Property Redevelopment and Tax Abatements), and Chapter 380 (Economic

Development Programs). Recipients may be eligible to receive economic assistance based upon employment, economic, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2025, the Town rebated $182,122 in sales taxes and $3,332,003 of property taxes and made other incentive payments of $350,000 under the agreements.

Note 16. Subsequent Events

On December 16, 2025, the Town approved the 2026 EDC Note to refinance the 2015 EDC Note in the amount of $1,346,667 with a closing date of January 12, 2026. The interest rate on the note is 4.15%, the first payment due date is July 12, 2026.

On December 16, 2025, the EDC purchased property and issued a loan between the Town and the EDC in the amount of $3,500,000. There is no interest on the loan, the EDC will begin making payments on the loan in December 2030, and the maturity date is January 31, 2037.

Required Supplementary Information

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Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes, penalty, and interest	$ 27,833,231	$ 27,833,231	$ 29,741,590	$ 1,908,359
General sales and use taxes	7,484,403	7,484,403	8,386,582	902,179
Franchise taxes and other	2,585,000	2,585,000	2,832,491	247,491
Licenses and permits	2,969,576	2,969,576	4,233,328	1,263,752
Intergovernmental	7,709,785	9,166,402	8,858,379	(308,023)
Charges for services	7,083,150	7,083,150	8,208,329	1,125,179
Fines and forfeitures	837,500	837,500	1,078,454	240,954
Interest	1,360,000	1,364,589	2,945,772	1,581,183
Other revenues	203,000	216,782	499,385	282,603
Total revenues	58,065,645	59,540,633	66,784,310	7,243,677
Expenditures				
Current:				
General government	7,618,358	8,112,829	7,311,729	801,100
Community services	4,002,695	4,410,064	3,615,286	794,778
Public safety	34,419,323	35,412,628	36,246,834	(834,206)
Public works	4,149,904	4,623,507	4,802,468	(178,961)
Culture and recreation	10,065,472	10,112,094	9,987,578	124,516
Debt service:				
Principal retirement	-	-	483,787	(483,787)
Interest and fiscal agent fees	-	-	99,701	(99,701)
Capital outlay	798,060	2,560,924	2,179,795	381,129
Total expenditures	61,053,812	65,232,046	64,727,178	504,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,988,167)	(5,691,413)	2,057,132	7,748,545
Other Financing Sources (Uses)				
Leases issued	-	-	7,235	7,235
Subscriptions issued	-	-	386,527	386,527
Sale of capital assets	-	-	2,201	2,201
Insurance recoveries	-	318,246	327,000	8,754
Transfers in	11,745,831	12,190,831	2,962,535	(9,228,296)
Transfers out	(15,623,839)	(21,434,839)	(8,000,000)	13,434,839
Total other financing sources (uses)	(3,878,008)	(8,925,762)	(4,314,502)	4,611,260
Net Change in Fund Balances (Deficit)	(6,866,175)	(14,617,175)	(2,257,370)	12,359,805
Fund Balances, Beginning of Year	56,927,067	56,927,067	56,927,067	-
Fund Balances, End of Year	$ 50,060,892	$ 42,309,892	$ 54,669,697	$ 12,359,805

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual - Landscape Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ -	$ -	$ 50,000	$ 50,000
Charges for services	230,213	264,790	317,928	53,138
Interest	15,000	15,000	14,238	(762)
Other revenues	13,800	13,800	13,800	-
Total revenues	259,013	293,590	395,966	102,376
Expenditures				
Community services	624,000	674,154	634,313	39,841
Capital outlay	60,000	60,000	-	60,000
Total expenditures	684,000	734,154	634,313	99,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	(424,987)	(440,564)	(238,347)	202,217
Other Financing Sources (Uses)				
Transfers in	450,000	450,000	400,000	(50,000)
Total other financing sources (uses)	450,000	450,000	400,000	(50,000)
Net Change in Fund Balances	25,013	9,436	161,653	152,217
Fund Balances, Beginning of Year	334,138	334,138	334,138	-
Fund Balances, End of Year	$ 359,151	$ 343,574	$ 495,791	$ 152,217

Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, water and sewer fund, and all special revenue funds, with the exception of the Little Elm TIRZ #4, TIRZ #5,TIRZ #6, and Hwy 380 MMD Funds. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.
(2) Public hearings are conducted to obtain taxpayer comments.
(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Little Elm, Texas
Schedule of Changes in Net Pension Liability and Related Ratios-
Texas Municipal Retirement System
Last Ten Measurement Periods

	2015	2016	2017	2018
Total Pension Liability				
Service cost	$ 2,120,510	$ 2,355,108	$ 2,626,348	$ 3,014,390
Interest	1,544,900	1,739,588	2,023,022	2,313,659
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	187,346	298,105	(90,555)	859,152
Change in assumptions	90,206	-	-	-
Benefit payments	(393,218)	(323,979)	(334,803)	(559,416)
Net Change in Total Pension Liability	3,549,744	4,068,822	4,224,012	5,627,785
Total Pension Liability - Beginning	21,206,361	24,756,105	28,824,927	28,824,927
Total Pension Liability - Ending (a)	$ 24,756,105	$ 28,824,927	$ 33,048,939	$ 34,452,712
Plan Fiduciary Net Position				
Contributions - employer	$ 1,535,872	$ 1,676,473	$ 1,968,224	$ 2,266,748
Contributions - nonemployer	838,620	908,306	1,021,378	1,197,238
Net investment income	25,774	1,316,544	3,194,579	(866,209)
Benefit payments	(393,218)	(323,979)	(334,803)	(559,416)
Administrative income	(15,693)	(14,848)	(16,529)	(16,699)
Other	(776)	(798)	(838)	(871)
Net Change in Plan Fiduciary Net Position	1,990,579	3,561,698	5,832,011	2,020,791
Plan Fiduciary Net Position - Beginning	17,460,686	19,451,265	23,012,963	28,844,974
Plan Fiduciary Net Position - Ending (b)	$ 19,451,265	$ 23,012,963	$ 28,844,974	$ 30,865,765
Net Pension Liability - Ending (a) – (b)	$ 5,304,840	$ 5,811,964	$ 4,203,965	$ 3,586,947
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.57%	79.84%	87.28%	89.59%
Covered Payroll	$ 11,980,280	$ 12,975,800	$ 14,574,627	$ 16,783,907
Net Pension Liability as a Percentage of Covered Payroll	44.28%	44.79%	28.84%	21.37%

Other Information:
For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation, actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

2019	2020	2021	2022	2023	2024
$ 3,282,649	$ 3,772,041	$ 4,005,588	$ 4,284,588	$ 4,917,455	$ 5,500,239
2,691,346	3,087,959	3,545,147	3,988,084	4,488,545	5,015,317
-	-	-	-	-	(718,721)
279,168	775,209	119,178	261,388	542,921	(318,345)
178,056	-	-	-	(49,286)	-
(892,522)	(707,805)	(1,249,860)	(1,244,899)	(1,627,610)	(1,708,954)
5,538,697	6,927,404	6,420,053	7,289,161	8,272,025	7,769,536
38,676,724	44,215,421	51,142,825	57,562,878	64,852,039	73,124,064
$ 44,215,421	$ 51,142,825	$ 57,562,878	$ 64,852,039	$ 73,124,064	$ 80,893,600
$ 2,386,394	$ 2,822,744	$ 2,945,480	$ 3,297,312	$ 3,640,169	$ 3,983,651
1,267,432	1,466,905	1,536,390	1,677,412	1,918,764	2,085,681
4,788,117	2,924,215	5,870,497	(3,954,752)	6,251,201	6,671,594
(892,522)	(707,805)	(1,249,860)	(1,244,899)	(1,627,610)	(1,708,954)
(26,963)	(18,855)	(27,068)	(34,078)	(39,562)	(42,564)
(810)	(735)	185	40,665	(278)	(995)
7,521,648	6,486,469	9,075,624	(218,340)	10,142,684	10,988,413
30,865,765	38,387,413	44,873,882	53,949,506	53,731,166	63,873,850
$ 38,387,413	$ 44,873,882	$ 53,949,506	$ 53,731,166	$ 63,873,850	$ 74,862,263
$ 5,828,008	$ 6,268,943	$ 3,613,372	$ 11,120,873	$ 9,250,214	$ 6,031,337
86.82%	87.74%	93.72%	82.85%	87.35%	92.54%
$ 18,106,173	$ 20,955,784	$ 21,948,430	$ 23,963,021	$ 27,380,041	$ 29,795,447
32.19%	29.92%	16.46%	46.41%	33.78%	20.24%

Town of Little Elm, Texas
Schedule of Pension Contributions -
Texas Municipal Retirement System
Last Ten Fiscal Years

	2016	2017	2018	2019
Actuarially determined contribution	$ 1,721,094	$ 1,901,949	$ 2,201,774	$ 2,459,086
Contributions in relation to the actuarially determined contribution	1,721,094	1,901,949	2,201,774	2,459,086
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	13,214,555	14,104,876	16,242,464	18,403,629
Contributions as a percentage of covered payroll	13.02%	13.48%	13.56%	13.36%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Notes to Schedule of Contributions:

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence).

Other Information:

Notes	Adopted 70% non-retroactive repeating COLA.

2020	2021	2022	2023	2024	2025
$ 2,640,722	$ 2,901,400	$ 3,196,772	$ 3,542,445	$ 3,891,903	$ 4,477,365
2,640,722	2,901,400	3,196,772	3,542,445	3,891,903	4,477,365
$ -	$ -	$ -	$ -	$ -	$ -
19,524,411	21,597,802	23,338,033	26,426,525	29,162,129	32,414,629
13.53%	13.43%	13.70%	13.40%	13.35%	13.81%

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Eight Measurement Periods

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	$ 24,777	$ 33,568	$ 27,159	$ 41,912
Interest	10,108	11,094	12,691	12,031
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(4,395)	(31,013)	(16,377)
Changes of assumptions or other inputs	30,053	(28,403)	81,166	82,266
Benefit payments	(1,457)	(1,678)	(1,811)	(2,096)
Net Change in Total OPEB Liability	63,481	10,186	88,192	117,736
Total OPEB Liability - Beginning	255,737	319,218	329,404	417,596
Total OPEB Liability - Ending	$ 319,218	$ 329,404	$ 417,596	$ 535,332
Covered-Employee Payroll	21,948,430	20,955,784	18,106,173	16,783,907
Town's Total OPEB Liability as a Percentage of Covered-Employee Payroll	2.19%	1.96%	2.31%	2.55%

Only eight years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75); therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%
2024	4.08%

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Seven Measurement Periods

2021	2022	2023	2024
$ 48,287	$ 57,511	$ 30,118	$ 35,755
11,124	11,521	17,100	18,661
-	-	-	-
(9,378)	(6,285)	6,492	(23,032)
20,991	(246,448)	24,799	(30,670)
(6,585)	(4,793)	(8,214)	(8,939)
64,439	(188,494)	70,295	(8,225)
535,332	599,771	411,277	481,572
$ 599,771	$ 411,277	$ 481,572	$ 473,347
14,574,627	23,963,021	27,380,041	29,795,447
4.12%	1.72%	1.76%	1.59%

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Retiree Health
Last Two Measurement Periods

	2023	2024
Total OPEB Liability		
Service cost	$ -	$ 167,000
Interest	-	81,000
Changes of benefit terms	1,564,000	-
Differences between expected and actual experience	-	(22,000)
Changes of assumptions or other inputs	-	310,000
Benefit payments	-	(36,000)
Net Change in Total OPEB Liability	1,564,000	500,000
Total OPEB Liability - Beginning	-	1,564,000
Total OPEB Liability - Ending	$ 1,564,000	$ 2,064,000
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered-Employee Payroll	23,210,000	26,804,000
Town's Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.74%	7.70%

Only two years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2023	4.70%
2024	3.78%

Combining and Individual Fund Financial Statements and Schedules

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Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes, penalty, and interest	$ 9,287,731	$ 9,287,731	$ 9,421,442	$ 133,711
Intergovernmental	120,253	120,253	114,626	(5,627)
Interest	100,000	100,000	294,700	194,700
Total revenues	9,507,984	9,507,984	9,830,768	322,784
Expenditures				
Debt service:				
Principal retirement	7,051,000	7,582,000	6,520,000	1,062,000
Interest and fiscal agent fees	2,236,732	2,767,732	2,205,541	562,191
Total expenditures	9,287,732	10,349,732	8,725,541	1,624,191
Net Change in Fund Balances	220,252	(841,748)	1,105,227	1,946,975
Fund Balances, Beginning of Year	2,658,564	1,203,899	2,658,564	1,454,665
Fund Balances, End of Year	$ 2,878,816	$ 362,151	$ 3,763,791	$ 3,401,640

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds

Accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund

Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund

Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund

Accounts for a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

Hotel Occupancy Tax Fund

Accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund

Accounts for fees charged for storm water drainage services.

PEG Fund

Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund

Accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

TIRZ #3 Fund

Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

TIRZ #4 Fund

Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

TIRZ #5 Fund

Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

TIRZ #6 Fund

Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

Highway 380 MMD Fund

Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds			
	Special Revenue	Donations	Forfeitures	Street Maintenance
Assets				
Cash and cash equivalents	$ 604,261	$ 89,598	$ 164,520	$ 497,347
Investments	4,084	650	120,947	363,387
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	347,207
Other	1,880	461	937	2,832
Due from other governments	-	-	-	-
Due from other funds	-	-	16,263	-
Prepaids	4,900	-	-	-
Total assets	$ 615,125	$ 90,709	$ 302,667	$ 1,210,773
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable and other accrued liabilities	$ -	$ 3,933	$ 46,181	$ -
Due to other funds	-	-	16,263	-
Retainage payable	-	-	-	99,970
Unearned revenue	880	139	439	1,326
Total liabilities	880	4,072	62,883	101,296
Fund Balances (Deficit)				
Nonspendable	4,900	-	-	-
Restricted	609,345	86,637	239,784	1,109,477
Unassigned	-	-	-	-
Total fund balances (deficit)	614,245	86,637	239,784	1,109,477
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 615,125	$ 90,709	$ 302,667	$ 1,210,773

Special Revenue Funds							
Hotel Occupancy Tax	Stormwater Drainage	PEG Fund	Grant Fund	Little Elm TIRZ #3	Little Elm TIRZ #4	Little Elm TIRZ #5
$ 215,332	$ 1,404,880	$ 46,361	$ 37,354	$ 678,667	$ 85,411	$ -
157,332	1,034,459	33,982	-	519,063	62,512	-
-	-	-	-	30,833	-	-
20,255	142,644	3,088	-	3,865	486	-
-	-	-	580,858	-	-	-
-	-	-	-	-	-	-
-	275	-	-	1,050	-	-
$ 392,919	$ 2,582,258	$ 83,431	$ 618,212	$ 1,233,478	$ 148,409	$ -
$ 6,686	$ 59,100	$ -	$ 220,613	$ 31,060	$ -	$ -
-	-	-	514,559	-	-	1,544
-	3,000	-	-	-	-	-
574	3,741	124	-	1,809	228	-
7,260	65,841	124	735,172	32,869	228	1,544
-	275	-	-	1,050	-	-
385,659	2,516,142	83,307	-	1,199,559	148,181	-
-	-	-	(116,960)	-	-	(1,544)
385,659	2,516,417	83,307	(116,960)	1,200,609	148,181	(1,544)
$ 392,919	$ 2,582,258	$ 83,431	$ 618,212	$ 1,233,478	$ 148,409	$ -

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Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds		
	Little Elm TIRZ #6	HWY 380 MMD	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 4,939	$ 163,995	$ 3,992,665
Investments	3,624	120,069	2,420,109
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	378,040
Other	28	934	177,410
Due from other governments	-	-	580,858
Due from other funds	-	-	16,263
Prepaids	-	-	6,225
Total assets	$ 8,591	$ 284,998	$ 7,571,570
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ -	$ -	$ 367,573
Due to other funds	-	-	532,366
Retainage payable	-	-	102,970
Unearned revenue	13	437	9,710
Total liabilities	13	437	1,012,619
Fund Balances (Deficit)			
Nonspendable	-	-	6,225
Restricted	8,578	284,561	6,671,230
Unassigned	-	-	(118,504)
Total fund balances (deficit)	8,578	284,561	6,558,951
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 8,591	$ 284,998	$ 7,571,570

Town of Little Elm, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Special Revenue Funds			
	Special Revenue	**Donations**	**Forfeitures**	**Street Maintenance**
Revenues				
Taxes				
Property taxes, penalty, and interest	$ -	$ -	$ -	$ -
General sales and use taxes	-	-	-	2,064,663
Franchise taxes and other	-	-	-	-
Intergovernmental	13,209	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	141,716	-	90,442	-
Contributions	-	32,222	-	-
Interest	27,238	4,331	15,224	55,497
Other revenues	-	-	-	-
Total revenues	182,163	36,553	105,666	2,120,160
Expenditures				
Current				
General government	-	-	-	-
Public safety	55,388	2,305	121,713	-
Public works	-	-	-	2,231,022
Culture and recreation	-	12,899	-	-
Capital outlay	-	16,330	-	-
Total expenditures	55,388	31,534	121,713	2,231,022
Excess (Deficiency) of Revenues Over (Under) Expenditures	126,775	5,019	(16,047)	(110,862)
Other Financing Sources (Uses)				
Transfers out	(18,957)	-	(16,263)	-
Total other financing sources (uses)	(18,957)	-	(16,263)	-
Net Change in Fund Balances	107,818	5,019	(32,310)	(110,862)
Fund Balances (Deficit), Beginning of Year	506,427	81,618	272,094	1,220,339
Fund Balances (Deficit), End of Year	$ 614,245	$ 86,637	$ 239,784	$ 1,109,477

Special Revenue Funds						
Hotel Occupancy Tax	Stormwater Drainage	PEG Fund	Grant Fund	Little Elm TIRZ #3	Little Elm TIRZ #4	Little Elm TIRZ #5
$ -	$ -	$ -	$ -	$ 1,003,150	$ 1,241,005	$ 1,493,910
-	-	-	-	179,663	-	-
200,915	-	13,389	-	-	-	-
-	-	-	1,155,575	-	-	-
-	808,672	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,817	106,146	3,778	-	51,309	25,271	-
-	24,000	-	-	-	-	-
214,732	938,818	17,167	1,155,575	1,234,122	1,266,276	1,493,910
-	-	-	-	503,653	1,118,095	1,495,328
-	-	-	1,260,451	-	-	-
-	446,310	-	-	-	-	-
41,540	-	9,004	-	-	-	-
-	60,353	-	-	-	-	-
41,540	506,663	9,004	1,260,451	503,653	1,118,095	1,495,328
173,192	432,155	8,163	(104,876)	730,469	148,181	(1,418)
-	-	-	-	(150,000)	(101,247)	-
-	-	-	-	(150,000)	(101,247)	-
173,192	432,155	8,163	(104,876)	580,469	46,934	(1,418)
212,467	2,084,262	75,144	(12,084)	620,140	101,247	(126)
$ 385,659	$ 2,516,417	$ 83,307	$ (116,960)	$ 1,200,609	$ 148,181	$ (1,544)

Town of Little Elm, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Special Revenue Funds		
	Little Elm TIRZ #6	HWY 380 MMD	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property taxes, penalty, and interest	$ 234,839	$ 68,000	$ 4,040,904
General sales and use taxes	-	-	2,244,326
Franchise taxes and other	-	-	214,304
Intergovernmental	-	-	1,168,784
Charges for services	-	-	808,672
Fines and forfeitures	-	-	232,158
Contributions	-	-	32,222
Interest	5,697	12,294	320,602
Other revenues	-	-	24,000
Total revenues	240,536	80,294	9,085,972
Expenditures			
Current			
General government	231,958	-	3,349,034
Public safety	-	-	1,439,857
Public works	-	-	2,677,332
Culture and recreation	-	-	63,443
Capital outlay	-	-	76,683
Total expenditures	231,958	-	7,606,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,578	80,294	1,479,623
Other Financing Sources (Uses)			
Transfers out	(8,157)	-	(294,624)
Total other financing sources (uses)	(8,157)	-	(294,624)
Net Change in Fund Balances	421	80,294	1,184,999
Fund Balances (Deficit), Beginning of Year	8,157	204,267	5,373,952
Fund Balances (Deficit), End of Year	$ 8,578	$ 284,561	$ 6,558,951

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Special Revenue
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 6,500	$ 6,500	$ 13,209	$ 6,709
Fines and forfeitures	110,200	110,200	141,716	31,516
Interest	10,000	10,000	27,238	17,238
Total revenues	126,700	126,700	182,163	55,463
Expenditures				
Public safety	75,700	75,700	55,388	20,312
Total expenditures	75,700	75,700	55,388	20,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	51,000	51,000	126,775	75,775
Other Financing Sources (Uses)				
Transfers out	(15,000)	(15,000)	(18,957)	(3,957)
Total other financing sources (uses)	(15,000)	(15,000)	(18,957)	(3,957)
Net Change in Fund Balances (Deficit)	36,000	36,000	107,818	71,818
Fund Balances (Deficit), Beginning of Year	506,427	448,749	506,427	57,678
Fund Balances (Deficit), End of Year	$ 542,427	$ 484,749	$ 614,245	$ 129,496

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Donations Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Contributions	$ 7,500	$ 19,095	$ 32,222	$ 13,127
Interest	2,000	2,000	4,331	2,331
Total revenues	9,500	21,095	36,553	15,458
Expenditures				
Current:				
Public safety	3,700	3,700	2,305	1,395
Culture and recreation	5,000	16,595	12,899	3,696
Capital outlay	-	12,000	16,330	(4,330)
Total expenditures	8,700	32,295	31,534	761
Net Change in Fund Balances (Deficit)	800	(11,200)	5,019	16,219
Fund Balances (Deficit), Beginning of Year	81,618	83,003	81,618	(1,385)
Fund Balances (Deficit), End of Year	$ 82,418	$ 71,803	$ 86,637	$ 14,834

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Forfeitures Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ -	$ 90,442	$ 90,442	$ -
Interest	-	9,955	15,224	5,269
Total revenues	-	100,397	105,666	5,269
Expenditures				
Current:				
Public safety	-	137,976	121,713	16,263
Total expenditures	-	137,976	121,713	16,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(37,579)	(16,047)	21,532
Other Financing Sources (Uses)				
Transfers out	-	-	(16,263)	(16,263)
Total other financing sources (uses)	-	-	(16,263)	(16,263)
Net Change in Fund Balances (Deficit)	-	(37,579)	(32,310)	5,269
Fund Balances (Deficit), Beginning of Year	272,094	316,066	272,094	(43,972)
Fund Balances (Deficit), End of Year	$ 272,094	$ 278,487	$ 239,784	$ (38,703)

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Street Maintenance Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
General sales and use taxes	$ 1,934,851	$ 1,934,851	$ 2,064,663	$ 129,812
Interest	75,000	75,000	55,497	(19,503)
Total revenues	2,009,851	2,009,851	2,120,160	110,309
Expenditures				
Current:				
Public works	2,102,270	2,102,761	2,231,022	(128,261)
Total expenditures	2,102,270	2,102,761	2,231,022	(128,261)
Net Change in Fund Balances (Deficit)	(92,419)	(92,910)	(110,862)	(17,952)
Fund Balances (Deficit), Beginning of Year	1,220,339	942,960	1,220,339	277,379
Fund Balances (Deficit), End of Year	$ 1,127,920	$ 850,050	$ 1,109,477	$ 259,427

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Hotel Occupancy Tax Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Franchise taxes and other	$ 175,000	$ 175,000	$ 200,915	$ 25,915
Interest	3,000	3,000	13,817	10,817
Total revenues	178,000	178,000	214,732	36,732
Expenditures				
Current:				
Culture and recreation	142,791	142,791	41,540	101,251
Total expenditures	142,791	142,791	41,540	101,251
Net Change in Fund Balances (Deficit)	35,209	35,209	173,192	137,983
Fund Balances (Deficit), Beginning of Year	212,467	35,194	212,467	177,273
Fund Balances (Deficit), End of Year	$ 247,676	$ 70,403	$ 385,659	$ 315,256

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Stormwater Drainage Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 765,000	$ 765,000	$ 808,672	$ 43,672
Interest	68,500	68,500	106,146	37,646
Other revenues	-	-	24,000	24,000
Total revenues	833,500	833,500	938,818	105,318
Expenditures				
Current:				
Public works	836,083	720,424	446,310	274,114
Capital outlay	225,000	365,000	60,353	304,647
Total expenditures	1,061,083	1,085,424	506,663	578,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(227,583)	(251,924)	432,155	684,079
Other Financing Sources (Uses)				
Transfers out	(860)	(860)	-	860
Total other financing sources (uses)	(860)	(860)	-	860
Net Change in Fund Balances (Deficit)	(228,443)	(252,784)	432,155	684,939
Fund Balances (Deficit), Beginning of Year	2,084,262	1,737,423	2,084,262	346,839
Fund Balances (Deficit), End of Year	$ 1,855,819	$ 1,484,639	$ 2,516,417	$ 1,031,778

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
PEG Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Franchise taxes and other	$ 35,000	$ 35,000	$ 13,389	$ (21,611)
Interest	1,000	1,000	3,778	2,778
Total revenues	36,000	36,000	17,167	(18,833)
Expenditures				
Culture and recreation	30,000	115,000	9,004	105,996
Total expenditures	30,000	115,000	9,004	105,996
Net Change in Fund Balances (Deficit)	6,000	(79,000)	8,163	87,163
Fund Balances (Deficit), Beginning of Year	75,144	44,635	75,144	30,509
Fund Balances (Deficit), End of Year	$ 81,144	$ (34,365)	$ 83,307	$ 117,672

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Grant Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 1,479,281	$ 1,479,281	$ 1,155,575	$ (323,706)
Total revenues	1,479,281	1,479,281	1,155,575	(323,706)
Expenditures				
Public safety	1,134,020	1,134,020	1,260,451	(126,431)
Total expenditures	1,134,020	1,134,020	1,260,451	(126,431)
Net Change in Fund Balances (Deficit)	345,261	345,261	(104,876)	(450,137)
Fund Balances (Deficit), Beginning of Year	(12,084)	-	(12,084)	(12,084)
Fund Balances (Deficit), End of Year	$ 333,177	$ 345,261	$ (116,960)	$ (462,221)

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Little Elm TIRZ #3
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes, penalty, and interest	$ 1,026,718	$ 1,026,718	$ 1,003,150	$ (23,568)
General sales and use taxes	160,000	160,000	179,663	19,663
Interest	25,000	25,000	51,309	26,309
Total revenues	1,211,718	1,211,718	1,234,122	22,404
Expenditures				
Current:				
General government	646,280	646,280	503,653	142,627
Capital outlay	152,500	152,500	-	152,500
Total expenditures	798,780	798,780	503,653	295,127
Excess (Deficiency) of Revenues Over (Under) Expenditures	412,938	412,938	730,469	317,531
Other Financing Sources (Uses)				
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	(150,000)	(150,000)	(150,000)	-
Net Change in Fund Balances (Deficit)	262,938	262,938	580,469	317,531
Fund Balances (Deficit), Beginning of Year	620,140	216,919	620,140	403,221
Fund Balances (Deficit), End of Year	$ 883,078	$ 479,857	$ 1,200,609	$ 720,752

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Discretely Presented Component Units

Economic Development Corporation– purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

Community Development Corporation – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

Town of Little Elm, Texas
Balance Sheet
Economic Development Corporation
September 30, 2025

Assets	
Cash and cash equivalents	$ 5,862,884
Receivables	
Sales taxes	1,037,093
Leases	3,315,997
Financed purchase	2,110,226
Other	45,787
Total assets	$ 12,371,987
Liabilities	
Accounts payable and other current liabilities	$ 532,908
Total liabilities	532,908
Deferred Inflows of Resources	
Unavailable resources - lease receivables	3,565,770
Unavailable resources - financed purchase receivable	2,110,228
Total deferred inflows of resources	5,675,998
Fund Balances	
Restricted	6,163,081
Total fund balances	6,163,081
Total liabilities, deferred inflows of resources, and fund balances	$ 12,371,987

Town of Little Elm, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Economic Development Corporation
September 30, 2025

Total Fund Balance	$	6,163,081
Amounts reported in the Statement of Net Position are different because:		
Capital, lease, and subscription assets are not financial resources and therefore are not reported in the funds.		23,953,603
Accrued interest debt is not reported in the funds until paid.		(39,269)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		2,110,228
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:		
Long-term liabilities:		
Due in one year		(1,176,503)
Due in more than one year		(13,256,646)
Total Net Position of Economic Development Corporation	$	17,754,494

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Economic Development Corporation
For the Year Ended September 30, 2025

Revenues		
Taxes		
General sales and use taxes	$	3,992,922
Investment income		164,946
Other revenues		494,829
Total revenues	$	4,652,697
Expenditures		
Current		
General government	$	144,626
Economic development		1,877,721
Capital outlay		3,509,850
Debt Service		
Principal		1,142,439
Interest and other fiscal charges		399,909
Total expenditures		7,074,545
Net change in fund balance		(2,421,848)
Fund Balance, Beginning of Year		8,584,929
Fund Balance, End of Year	$	6,163,081

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2025

Net Change in Fund Balances	$	(2,421,848)
Amounts reported in the statement of activities are different because:		
Capital assets are reported in the Statement of Net Position, but reported as an expenditure in the fund statements. This is the amount of capital asset additions for the current period.		3,509,850
Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the funds.		(150,396)
Repayment of long-term debt, including notes payable, is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.		1,142,439
Financed purchase principal payment receipts are recognized as other revenues at the fund level and reductions to the receivable balance at the government-wide.		(205,559)
Long-term receivables are reported in the government-wide financial statements, but receipt of payments are reported as revenue within the funds.		(100,000)
Change in Net Position of Economic Development Corporation	$	1,774,486

Town of Little Elm, Texas
Balance Sheet/Statement of Net Position
Community Development Corporation
September 30, 2025

Assets	
Cash and cash equivalents	$ 1,700,586
Investments	1,230,128
Receivables	356,892
Total assets	$ 3,287,606
Liabilities	
Accounts payable and other current liabilities	$ 407,072
Total liabilities	407,072
Fund Balance/Net Position	
Restricted	2,880,534
Total fund balance/net position	2,880,534
Total Liabilities and Fund Balance/Net Position	$ 3,287,606

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance/Net Position
Community Development Corporation
For the Year Ended September 30, 2025

Revenues	
Taxes	
General sales and use taxes	$ 2,013,330
Interest	134,732
Total revenues	$ 2,148,062
Expenditures	
Current:	
Community development	$ 1,789,943
Total expenditures	1,789,943
Net change in fund balance/net position	358,119
Fund Balance/Net Position, Beginning of Year	2,522,415
Fund Balance/Net Position, End of Year	$ 2,880,534

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Statistical Section

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Town of Little Elm, Texas
Table of Contents
September 30, 2025

Statistical Section

This part of the Town of Little Elm's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents

Financial Trends . . . . . **A-1 to A-4**

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity . . . . . **B-1 to B-5**

These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.

Debt Capacity . . . . . **C-1 to C-4**

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Economic and Demographic Information . . . . . **D-1 to D-2**

These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information . . . . . **E-1 to E-3**

These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides.

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

Town of Little Elm, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 89,811,757	$ 123,244,861	$ 123,244,861	$ 145,345,688
Restricted	8,767,764	7,397,801	12,374,755	13,172,118
Unrestricted	9,215,510	25,329,679	20,210,367	19,947,537
Total governmental activities net position	$ 107,795,031	$ 155,972,341	$ 155,829,983	$ 178,465,343
Business-type activities				
Net investment in capital assets	$ 37,228,657	$ 38,221,407	$ 40,669,826	$ 41,141,551
Restricted	1,104,061	2,014,670	2,766,515	3,895,353
Unrestricted	6,738,911	6,966,515	11,378,914	14,453,500
Total business-type activities net position	$ 45,071,629	$ 47,202,592	$ 54,815,255	$ 59,490,404
Primary government				
Net investment in capital assets	$ 127,040,414	$ 161,466,268	$ 163,914,687	$ 186,487,239
Restricted	9,871,825	9,412,471	15,141,270	17,067,471
Unrestricted	15,954,421	32,296,194	31,589,281	34,401,037
Total primary government net position	$ 152,866,660	$ 203,174,933	$ 210,645,238	$ 237,955,747

Source: Annual Comprehensive Financial Report

2020	2021	2022	2023	2024	2025
$ 157,699,639	$ 171,316,394	$ 193,734,603	$ 244,186,130	$ 264,149,945	$ 276,753,957
15,434,016	60,716,093	45,593,051	29,637,274	8,044,726	10,435,021
23,395,692	31,046,365	39,112,760	52,073,124	85,565,242	89,705,610
$ 196,529,347	$ 263,078,852	$ 278,440,414	$ 325,896,528	$ 357,759,913	$ 376,894,588
$ 44,190,975	$ 46,431,372	$ 58,985,491	$ 68,786,015	$ 70,577,051	$ 79,404,409
4,376,151	4,704,740	5,547,764	5,556,868	5,820,484	6,486,414
19,105,126	24,001,071	27,306,798	32,706,694	36,501,629	30,224,936
$ 67,672,252	$ 75,137,183	$ 91,840,053	$ 107,049,577	$ 112,899,164	$ 116,115,759
$ 201,890,614	$ 217,747,766	$ 252,720,094	$ 312,972,145	$ 334,726,996	$ 356,158,366
19,810,167	65,420,833	51,114,015	35,194,142	13,865,210	16,921,435
42,500,818	55,047,436	66,419,558	84,779,818	122,066,871	119,930,546
$ 264,201,599	$ 338,216,035	$ 370,253,667	$ 432,946,105	$ 470,659,077	$ 493,010,347

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2016	2017	2018	2019
Expenses				
Governmental activities				
General government	$ 12,830,283	$ 7,030,639	$ 10,282,772	$ 8,443,749
Community services	2,412,674	2,562,510	2,837,652	2,948,714
Public safety	17,166,375	14,962,540	17,650,976	18,514,472
Public works	4,894,523	4,620,071	6,274,905	8,392,911
Culture and recreation	2,838,232	3,813,775	5,597,971	5,884,721
Interest on long-term debt	1,552,317	1,705,104	4,970,121	3,244,002
Total governmental activities expenses	41,694,404	34,694,639	47,614,397	47,428,569
Business-type activities				
Water and sewer	12,813,910	13,091,003	13,442,962	13,401,840
Solid waste	1,797,240	1,885,091	1,937,883	2,061,254
Total business-type activities expenses	14,611,150	14,976,094	15,380,845	15,463,094
Total primary government expenses	$ 56,305,554	$ 49,670,733	$ 62,995,242	$ 62,891,663
Program Revenues				
Governmental activities				
Charges for services and other program revenues				
General government	$ 239,193	$ 480,986	$ 1,326,909	$ 81,933
Community services	5,448,892	5,284,136	4,720,087	4,045,264
Public safety	2,096,745	2,598,197	2,830,765	3,702,971
Public works	999,412	820,186	1,480,153	1,775,903
Culture and recreation	845,848	1,312,017	1,615,206	1,663,191
Operating grants and contributions	1,888,507	2,486,348	1,909,369	741,359
Capital grants and contributions	15,400,107	8,269,408	34,764,994	20,308,931
Total governmental activities program revenues	26,918,704	21,251,278	48,647,483	32,319,552
Business-type activities				
Charges for services				
Water and sewer	14,156,856	15,381,528	17,754,577	18,144,028
Solid waste	2,247,375	2,329,542	2,394,909	2,524,859
Operating grants and contributions	-	50	194,520	3,750
Capital grants and contributions	2,387,592	1,363,346	2,224,101	1,128,838
Total business-type activities program revenues	18,791,823	19,074,466	22,568,107	21,801,475
Total primary government program revenues	$ 45,710,527	$ 40,325,744	$ 71,215,590	$ 54,121,027
Net (Expense)/Revenue				
Governmental activities	$ (14,775,700)	$ (13,443,361)	$ 1,033,086	$ (15,109,017)
Business-type activities	4,180,673	4,098,372	7,187,262	6,338,381
Total primary government net expense	$ (10,595,027)	$ (9,344,989)	$ 8,220,348	$ (8,770,636)

Source: Annual Comprehensive Financial Report

2020	2021	2022	2023	2024	2025
$ 6,028,316	$ 12,236,888	$ 11,340,090	$ 10,892,954	$ 13,809,167	$ 10,484,313
3,072,109	3,224,276	3,863,583	4,472,775	4,670,995	4,301,386
21,585,797	25,324,342	25,905,436	35,635,979	36,807,578	38,655,791
7,500,282	9,051,190	7,542,098	10,587,808	13,951,578	8,609,822
6,223,043	8,034,076	8,000,800	10,794,712	11,305,015	13,992,837
1,961,911	1,684,428	2,258,043	(55,101)	3,531,579	2,212,312
46,371,458	59,555,200	58,910,050	72,329,127	84,075,912	78,256,461
13,570,792	14,115,471	15,915,334	17,277,567	20,598,666	22,984,596
2,345,983	2,580,141	2,751,070	3,001,660	3,270,261	3,792,905
15,916,775	16,695,612	18,666,404	20,279,227	23,868,927	26,777,501
$ 62,288,233	$ 76,250,812	$ 77,576,454	$ 92,608,354	$ 107,944,839	$ 105,033,962
$ 146,117	$ 202,503	$ 364,807	$ 2,173,851	$ 3,057,443	$ 2,063,445
4,352,645	7,697,199	5,281,100	5,357,997	7,698,675	5,338,795
3,663,496	3,562,529	2,303,888	2,184,546	9,695,255	11,639,730
1,785,248	2,690,593	1,209,347	25,935	-	43,732
1,150,886	4,263,087	4,996,460	5,565,911	5,824,861	5,801,055
4,403,463	3,830,214	7,048,990	13,750,476	1,513,766	2,681,005
8,561,351	61,971,547	16,933,233	34,477,287	23,431,655	3,287,956
24,063,206	84,217,672	38,137,825	63,536,003	51,221,655	30,855,718
19,036,780	19,243,512	21,588,921	22,865,149	21,239,466	24,542,927
2,834,435	3,110,319	3,334,622	3,535,375	4,133,284	4,382,434
288,564	-	-	-	-	-
3,695,752	3,520,701	1,296,399	3,984,868	2,063,667	744,416
25,855,531	25,874,532	26,219,942	30,385,392	27,436,417	29,669,777
$ 49,918,737	$ 110,092,204	$ 64,357,767	$ 93,921,395	$ 78,658,072	$ 60,525,495
$ (22,308,252)	$ 24,662,472	$ (20,772,225)	$ (8,793,124)	$ (32,854,257)	$ (47,400,743)
9,938,756	9,178,920	7,553,538	10,106,165	3,567,490	2,892,276
$ (12,369,496)	$ 33,841,392	$ (13,218,687)	$ 1,313,041	$ (29,286,767)	$ (44,508,467)

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	$ 16,001,132	$ 18,817,352	$ 21,827,298	$ 24,654,126
Sales & other taxes	6,075,610	6,437,432	7,220,842	7,220,842
Grants not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	222,137	291,461	628,922	1,456,551
Gains on sale of assets	252,717	19,709	-	108,592
Miscellaneous	681,078	2,326,196	751,830	1,648,669
Transfers	2,042,935	2,297,150	57,640	2,327,150
Total governmental activities	25,275,609	30,189,300	30,486,532	37,415,930
Business-type activities				
Taxes	110,588	114,365	123,504	150,895
Unrestricted investment earnings	75,463	151,282	307,881	472,431
Gains on sale of assets	-	21,711	15,864	15,456
Miscellaneous	-	42,383	59,830	25,136
Transfers	(2,042,935)	(2,297,150)	(57,640)	(2,327,150)
Total business-type activities	(1,856,884)	(1,967,409)	449,439	(1,663,232)
Total primary government	$ 23,418,725	$ 28,221,891	$ 30,935,971	$ 35,752,698
Changes in Net Position				
Governmental activities	$ 10,499,909	$ 16,745,939	$ 31,519,618	$ 22,306,913
Business-type activities	2,323,789	2,130,963	7,636,701	4,675,149
Total primary government	$ 12,823,698	$ 18,876,902	$ 39,156,319	$ 26,982,062

2020	2021	2022	2023	2024	2025
$ 27,474,111	$ 28,852,488	$ 31,503,691	$ 38,361,923	$ 42,342,937	$ 43,233,523
8,466,994	9,538,367	11,468,601	12,174,607	13,404,621	13,677,703
-	-	-	1,869,781	644,351	-
999,944	373,282	530,582	5,901,906	6,902,323	6,176,578
12,422	604,039	1,268,703	278,957	62,708	-
1,052,785	142,857	164,286	353,848	1,061,550	824,703
2,366,000	2,376,000	(8,802,076)	(2,691,784)	299,152	2,622,911
40,372,256	41,887,033	36,133,787	56,249,238	64,717,642	66,535,418
173,375	187,207	215,412	251,024	-	-
426,620	228,569	120,484	2,145,139	2,530,314	2,895,633
-	-	11,360	15,412	-	-
9,007	246,235	-	-	50,935	51,597
(2,366,000)	(2,376,000)	8,802,076	2,691,784	(299,152)	(2,622,911)
(1,756,998)	(1,713,989)	9,149,332	5,103,359	2,282,097	324,319
$ 38,615,258	$ 40,173,044	$ 45,283,119	$ 61,352,597	$ 66,999,739	$ 66,859,737
$ 18,064,004	$ 66,549,505	$ 15,361,562	$ 47,456,114	$ 31,863,385	$ 19,134,675
8,181,758	7,464,931	16,702,870	15,209,524	5,849,587	3,216,595
$ 26,245,762	$ 74,014,436	$ 32,064,432	$ 62,665,638	$ 37,712,972	$ 22,351,270

Town of Little Elm, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2016	2017	2018	2019
General Fund				
Nonspendable (A)	$ 299,425	$ 313,699	$ 64,544	$ 60,914
Unassigned	11,028,718	15,660,796	21,148,258	21,312,934
Total general fund	$ 11,328,143	$ 15,974,495	$ 21,212,802	$ 21,373,848
All Other Governmental Funds				
Nonspendable (A)	$ 123,522	$ -	$ -	$ -
Restricted	17,206,729	11,292,937	28,677,341	32,482,359
Committed	1,153,748	409,582	751,574	1,674,909
Assigned	-	-	-	-
Unassigned	-	(6,306)	(142,458)	-
Total all other government funds	$ 18,483,999	$ 11,696,213	$ 29,286,457	$ 34,157,268

Sources: Annual Comprehensive Financial Report
Notes: (A) Includes inventory and prepaid

2020	2021	2022	2023	2024	2025
$ 81,691	$ 124,772	$ 213,054	$ 132,291	$ 162,590	$ 173,388
25,515,797	33,039,775	41,157,273	48,512,833	56,764,477	54,496,309
$ 25,597,488	$ 33,164,547	$ 41,370,327	$ 48,645,124	$ 56,927,067	$ 54,669,697
$ 743	$ -	$ 50	$ 250	$ 88,338	$ 6,225
22,668,693	77,720,015	69,759,650	54,941,261	26,244,479	20,337,882
1,271,178	-	-	-	334,138	495,791
-	-	-	-	24,252,353	29,211,622
-	(1,641)	-	(13,108)	(12,210)	(118,504)
$ 23,940,614	$ 77,718,374	$ 69,759,700	$ 54,928,403	$ 50,907,098	$ 49,933,016

Town of Little Elm, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
Revenues				
Property taxes, penalties and interest	$ 16,210,647	$ 18,796,064	$ 21,863,934	$ 24,655,979
Sales tax	4,010,218	4,303,543	4,881,118	5,278,231
Franchise and other taxes	2,065,392	2,133,889	2,339,724	2,271,058
Licenses and permits	5,161,638	4,743,132	4,627,259	4,325,422
Intergovernmental revenue and grants	2,252,406	4,365,912	1,638,166	3,195,962
Charges for services	3,098,936	3,982,077	4,562,866	5,020,158
Impact fees	499,168	754,659	592,384	738,079
Fines and forfeitures	856,897	1,055,079	1,188,762	1,180,796
Contributions	3,900,214	3,408,072	24,160,636	5,596,739
Interest earnings	209,291	272,668	591,988	1,389,624
Other revenue	726,869	813,755	662,659	572,364
Total revenues	38,991,676	44,628,850	67,109,496	54,224,412
Expenditures				
General government	4,009,920	4,273,199	10,268,332	6,607,780
Community services	2,917,957	2,563,865	2,837,652	3,004,065
Public safety	11,425,793	13,861,595	16,770,953	18,646,409
Public works	4,141,315	3,179,415	3,727,511	5,278,146
Culture and recreation	3,177,221	3,574,826	3,975,192	4,330,942
Debt service:				
Principal	2,825,254	3,291,897	3,593,540	5,001,002
Interest and other charges	1,865,298	1,784,447	1,742,079	2,011,943
Other debt service costs	597,105	-	3,240,426	1,370,615
Capital outlay	10,029,564	17,686,821	16,876,441	12,981,218
Total Expenditures	40,989,427	50,216,065	63,032,126	59,232,120
Excess of revenues over (under) expenditures	(1,997,751)	(5,587,215)	4,077,370	(5,007,708)
Other Financing Sources (Uses)				
Bonds/notes issued	16,380,000	-	15,460,000	13,960,000
Sale of capital assets	252,717	31,663	103,668	142,943
Capital lease obligations issued	-	-	-	-
Leases issued	-	-	-	-
Subscriptions issued	-	-	-	-
Insurance recoveries	-	1,016,343	321,485	426,578
Premium on bonds issued	787,923	-	766,813	1,061,382
Payment to refunded bond escrow agent	(7,148,501)	-	-	(7,878,498)
Transfer from other funds	2,743,996	4,421,619	4,640,598	5,520,135
Transfer to other funds	(701,061)	(2,124,469)	(2,541,373)	(3,192,985)
Total other financing sources (uses)	12,315,074	3,345,156	18,751,191	10,039,555
Net change in fund balance	$ 10,317,323	$ (2,242,059)	$ 22,828,561	$ 5,031,847
Debt service as a percentage of noncapital expenditures	14.1%	15.7%	11.9%	15.1%

Source: Annual Comprehensive Financial Report

2020	2021	2022	2023	2024	2025
$ 27,356,975	$ 28,897,058	$ 31,513,179	$ 38,211,734	$ 42,384,426	$ 43,203,936
6,201,247	7,258,930	8,820,224	9,337,839	10,483,808	10,630,908
2,265,747	2,279,437	2,648,377	2,821,769	2,920,813	3,046,795
4,783,505	8,618,191	4,606,232	4,555,088	8,134,313	5,357,237
6,168,970	8,309,427	11,944,750	12,720,595	9,895,132	12,371,040
4,329,841	7,172,423	7,886,238	8,975,170	9,957,617	9,334,929
620,170	1,611,378	567,432	376,362	316,805	1,331,895
907,125	1,724,383	1,094,483	1,450,888	1,072,808	1,310,612
2,369,847	47,803,383	11,955,694	17,070,630	9,795,652	32,222
941,866	343,751	526,808	5,637,403	6,455,725	5,687,992
577,148	813,866	1,285,761	284,673	494,496	541,685
56,522,441	114,832,227	82,849,178	101,442,151	101,911,595	92,849,251
5,140,370	11,946,544	11,912,452	10,536,657	14,006,912	11,349,979
3,107,016	3,231,570	3,866,238	3,933,585	4,681,814	4,249,599
21,100,611	24,064,560	25,685,458	29,753,293	32,060,890	37,686,691
3,994,842	4,442,969	5,238,260	5,728,479	9,362,344	7,479,800
4,359,830	5,664,620	7,018,993	8,865,583	8,890,705	10,051,021
5,620,395	4,460,000	4,670,000	5,977,651	6,429,495	7,003,787
2,038,797	1,731,358	2,062,810	2,202,531	2,684,180	2,305,242
193,021	181,340	644,301	4,499	560,601	-
23,944,854	15,527,184	23,070,226	39,823,593	28,578,265	19,200,458
69,499,736	71,250,145	84,168,738	106,825,871	107,255,206	99,326,577
(12,977,295)	43,582,082	(1,319,560)	(5,383,720)	(5,343,611)	(6,477,326)
9,645,000	13,605,000	9,560,000	-	6,515,000	-
-	46,041	5,097	49,643	11,531	2,201
-	-	-	-	-	-
-	-	17,058	115,798	1,479,256	7,235
-	-	-	-	62,186	386,527
146,328	159,356	171,074	353,563	597,054	327,000
303,844	1,576,340	615,513	-	540,070	-
(5,476,891)	-	-	-	-	-
6,973,851	8,725,235	5,528,475	7,511,326	6,103,739	11,362,535
(4,607,851)	(6,349,235)	(14,330,551)	(10,203,110)	(5,804,587)	(8,739,624)
6,984,281	17,762,737	1,566,666	(2,172,780)	9,504,249	3,345,874
$ (5,993,014)	$ 61,344,819	$ 247,106	$ (7,556,500)	$ 4,160,638	$ (3,131,452)
12.9%	10.8%	10.5%	12.2%	11.6%	11.6%

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Town of Little Elm
Appraised Value of Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Market Valuation		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2016	$ 2,653,573,290	$ 82,618,591	$ 312,314,526	$ 2,423,877,355	0.66169
2017	3,124,111,734	81,122,761	339,178,385	2,866,056,110	0.66169
2018	3,633,597,800	99,219,245	363,504,268	3,369,312,777	0.65767
2019	4,165,315,692	100,211,706	361,702,600	3,903,824,798	0.64990
2020	4,646,921,748	109,987,311	368,020,704	4,388,888,355	0.64990
2021	4,873,039,686	114,727,034	292,826,249	4,694,940,471	0.64970
2022	5,431,892,705	124,099,690	345,803,981	5,210,188,414	0.64395
2023	7,242,618,997	144,828,309	969,879,851	6,417,567,455	0.62990
2024	9,204,460,550	200,912,203	1,494,525,634	7,910,847,119	0.58990
2025	9,645,714,026	234,411,285	1,317,568,213	8,562,557,098	0.55990

Source: Denton County Appraisal District

Town of Little Elm, Texas
Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town Direct Rate			Overlapping Rates (A)		
Fiscal Year	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District- LEISD	Frisco Independent School District - FISD	Denton Independent School District - DISD
2016	0.47760	0.18409	0.66169	1.54000	1.46000	1.54000
2017	0.49573	0.16596	0.66169	1.54000	1.46000	1.54000
2018	0.48519	0.17248	0.65767	1.54000	1.46000	1.54000
2019	0.47943	0.17047	0.64990	1.64000	1.44000	1.54000
2020	0.49587	0.15403	0.64990	1.53830	1.33830	1.47000
2021	0.52000	0.12970	0.64970	1.49360	1.31020	1.40760
2022	0.52404	0.11991	0.64395	1.43030	1.26720	1.36200
2023	0.48642	0.14348	0.62990	1.41290	1.21290	1.34460
2024	0.44010	0.14981	0.58990	1.22750	1.02750	1.15920
2025	0.43579	0.12411	0.55990	1.22520	1.01940	1.20690

(A) Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

Note: Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Overlapping Rates (A)			
Denton County	Total Direct and Overlapping Rates - LEISD	Total Direct and Overlapping Rates - FISD	Total Direct and Overlapping Rates - DISD
0.26200	2.46369	2.38369	2.46369
0.26200	2.46369	2.38369	2.46369
0.23781	2.43548	2.35548	2.43548
0.22557	2.51547	2.31547	2.41547
0.22528	2.41348	2.21348	2.34518
0.22499	2.36829	2.18489	2.28229
0.23309	2.30733	2.14423	2.23903
0.21754	2.26034	2.06034	2.19204
0.18949	2.00689	1.80689	1.93859
0.18787	1.97297	1.76717	1.95467

Town of Little Elm, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)

Taxpayer	FY 2025 (2024 Certified Tax Roll) Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Orion Lakeside LLC	$ 99,600,000	1.16%
4 Corners AL, LP	93,600,000	1.09%
BVF-V Souvenir 380 LLC	91,359,700	1.07%
Avalon Frisco at Main LP	79,000,000	0.92%
BSR Overlook Apartments LLC	79,000,000	0.92%
SREIT Luxe LLC	69,128,000	0.81%
The Landing at Little Elm Apartments LCC	67,000,000	0.78%
10018 Ingram II LLC	56,485,889	0.66%
Union House LP	53,000,000	0.62%
Alta 3Eighty LLC	47,000,100	0.55%
Total	$ 735,173,689	8.58%
Total Assessed Valuation	$ 8,562,557,098	100.00%

Taxpayer	FY 2016 (2015 Certified Tax Roll) Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Western Rim Investors 2011-5 LP	$ 48,000,000	1.98%
LETC Dunhill LLC	35,584,745	1.47%
BRE MF FRISCO LLC	26,105,248	1.08%
Retractable Technologies INC	24,850,813	1.03%
Kroger Texas LP	23,900,000	0.99%
Eldorado Village LLC	16,097,728	0.66%
GCRE/TX Main Marketplace LLC & LCAR Main Market LLC	13,592,622	0.56%
OHC/Little Elm LTD	13,548,587	0.56%
CoServ Electric Co Op	24,850,813	1.03%
The Kroger Company	10,806,055	0.45%
Total	$ 237,336,611	9.81%
Total Assessed Valuation	$ 2,423,877,355	100%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values.

Town of Little Elm, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 15,848,795	$ 15,812,201	99.77%	$ 23,339	$ 15,835,540	99.92%
2017	18,694,955	18,616,309	99.58%	69,337	18,685,646	99.95%
2018	21,819,292	21,774,594	99.80%	62,101	21,836,695	100.08%
2019	24,976,789	24,904,762	99.71%	234,103	25,138,865	100.65%
2020	28,077,721	27,999,271	99.72%	182,322	28,181,593	100.37%
2021	29,718,306	29,593,236	99.58%	234,307	29,827,543	100.37%
2022	32,781,656	32,666,782	99.65%	(170,853)	32,495,929	99.13%
2023	40,569,986	40,209,763	99.11%	(74,434)	40,135,329	98.93%
2024	45,378,663	45,115,216	99.42%	(338,577)	44,776,639	98.67%
2025	46,847,360	46,666,450	99.61%	-	46,666,450	99.61%

Source: Denton Central Appraisal District

(1) Includes amounts abated under economic development agreements.

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Town of Little Elm, Texas
Municipal Sales Tax and Ratio to Ad Valorem Tax Levy
And Ad Valorem Tax Rate
Last Ten Years (Unaudited)

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax for general fund purposes, which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. Net collections on a fiscal year basis are shown below:

Fiscal Year Ended Sept 30	Total Collected	1.25 (A) Town	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2016	$ 6,962,498	$ 4,351,562	27.46%	0.18168	$ 1,740,625	870,312
2017	7,242,129	4,526,330	24.21%	0.16020	1,810,532	905,266
2018	7,999,076	4,999,422	22.91%	0.15069	1,999,769	999,884
2019	8,695,403	5,434,627	21.76%	0.14141	2,173,851	1,086,925
2020	10,105,335	6,315,834	22.49%	0.14619	2,526,334	1,263,167
2021	11,584,128	7,240,080	24.36%	0.15828	2,896,032	1,448,016
2022	14,132,662	8,832,914	26.94%	0.17351	3,533,166	1,766,583
2023	14,824,678	9,265,424	23.22%	0.14627	3,706,170	1,853,085
2024	16,753,581	10,483,808	23.07%	0.13612	4,052,597	2,045,539
2025	16,381,710	10,630,908	22.69%	0.12237	3,992,922	2,013,330

(A) The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance. The voters have continued to support this dedicated sales tax for the street maintenance program. This continuation was reflected in the May 2020 election. Town will re-certify with the citizen voters in 2025 as required by state law.

Source: Texas Comptroller of Public Affairs Website (http://www.window.state.tx.us/taxinfo/sales)

Town of Little Elm, Texas
Ratio of Outstanding Bonded Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations (A)	Lease Liabilities	Subscription Liabilites
2016	$ 29,061,169	$ 19,953,985	$ 1,602,905	$ -	$ -
2017	26,856,884	19,095,903	1,222,932	-	-
2018	25,299,571	33,517,823	855,000	-	-
2019	24,556,855	36,644,677	495,000	-	-
2020	21,404,875	38,571,929	250,000	-	-
2021	18,754,992	51,955,893	-	-	-
2022	16,170,109	59,735,500	-	-	-
2023	13,645,226	56,170,100	-	112,853	358,760
2024	11,212,690	59,421,217	-	1,190,130	288,430
2025	8,724,602	55,035,440	-	958,373	430,162

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(A) Includes Tax Notes

(B) See Table D-1 for personal income and population data.

Business-Type Activities						
General Obligation Bonds	Certificates of Obligation	Note Payable to EDC	Subscription Liabilites	Total Primary Government	Percentage Of Personal Income (B)	Per Capita (B)
$ 8,806,563	$ 27,364,862	$ 900,000	$ -	$ 87,689,484	9.13%	2,565
21,626,968	24,995,585	800,000	-	94,598,272	6.78%	2,456
20,680,733	23,234,304	700,000	-	104,287,431	6.54%	2,481
19,121,943	20,785,888	600,000	-	102,204,363	5.81%	2,295
17,535,005	20,742,471	500,000	-	99,004,280	5.33%	2,143
15,954,458	28,628,906	400,000	-	115,694,249	5.30%	2,244
14,479,458	27,008,050	300,000	-	117,693,117	4.42%	2,279
12,959,458	25,362,194	200,000	298,688	108,808,591	3.82%	1,989
11,389,458	42,318,544	100,000	210,126	126,130,595	4.14%	2,232
10,519,458	37,982,565	-	123,033	113,773,633	3.62%	1,844

Town of Little Elm, Texas
Ratio of Net General Bonded Debt to Assessed Value
And Net Value Bonded Debt Per Capita
Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation (C)	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property (A)	Per Capita (B)
2016	$ 37,867,732	$ 19,953,985	$ 57,821,717	$ 453,186	$ 57,368,531	2.37%	1,595
2017	48,483,870	19,095,903	67,579,773	746,213	66,833,560	2.33%	1,750
2018	45,980,304	33,517,823	79,498,127	1,153,205	78,344,922	2.33%	1,766
2019	43,678,798	36,664,677	80,343,475	1,080,534	79,262,941	2.03%	1,780
2020	38,939,880	38,571,929	77,511,809	839,855	76,671,954	1.75%	1,660
2021	34,709,450	51,955,893	86,665,343	680,723	85,984,620	1.83%	1,668
2022	30,649,567	59,735,500	90,385,067	1,203,899	89,181,168	1.71%	1,727
2023	26,604,684	56,170,100	82,774,784	2,086,732	80,688,052	1.26%	1,471
2024	22,602,148	59,421,217	82,023,365	2,658,564	79,364,801	1.00%	1,403
2025	19,244,060	55,035,440	74,279,500	3,763,791	70,515,709	0.82%	1,138

Notes: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

(A) See Table B-1 for property value data.
(B) See Table D-1 for population data.
(C) This does not include Certificates of Obligations from Business-Type Activities. See table C-1 for Business-Type Activities revenue based ratios.

Town of Little Elm, Texas
Direct and Overlapping Debt
As of September 30, 2025
(Unaudited)

Governmental Unit	Bonded Debt Principal	Percentage of Debt Applicable to Area (D)	Town of Little Elm Share of Overlapping Debt (C)
Debt repaid with property taxes			
Aubrey I.S.D.	$ 340,061,255	0.00%	$ -
Denton County	671,155,000	4.36%	29,262,358
Denton County MUD #8	23,997,782	0.44%	105,590
Denton ISD	2,018,741,731	6.41%	129,401,345
Elm Ridge WC&ID	137,486,677	0.35%	481,203
Frisco I.S.D.	2,053,732,281	0.32%	64,692,567
Highway 380 MMD #1	135,251,951	0.94%	126,947,481
Little Elm I.S.D.	558,824,157	0.37%	208,609,058
Subtotal, overlapping debt	$ 5,939,250,834		$ 559,499,602
Town of Little Elm Direct Debt (A)	$ 63,753,090	100.00%	$ 63,753,090
Total direct and overlapping debt			$ 623,252,692
Ratio of direct and overlapping debt princiipal to taxable values (B)			7.28%
Ratio of direct and overlapping debt principal to actual market values (B)			6.31%

Source: Municipal Advisory Council of Texas

Notes:

(A) Includes Governmental Activities debt
(B) See Table B-1 for property value data.
(C) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and buisnesses should be taken into acccount. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
(D) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed vallue that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Little Elm, Texas
Legal Debt Margin Information
Last Ten Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Maximum Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Total Tax Rate	0.66170	0.66170	0.65770	0.64990	0.64990	0.64970	0.64395	0.62990	0.58990	0.55990
Legal Debt Margin	$ 1.8383	$ 1.8383	$ 1.8423	$ 1.8501	$ 1.8501	$ 1.8503	$ 1.8561	$ 1.8701	$ 1.9101	$ 1.9401

Town of Little Eln, Texas
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population (A)	Personal Income	Per Capita Personal Income (B)	School Enrollment (C) Little Elm ISD	Unemployment Rate (D) Denton County	Average Household Income
2016	35,960	$ 1,059,813,120	$ 29,472	7,354	3.3%	n/a
2017	38,194	1,384,074,172	36,238	7,371	4.1%	n/a
2018	42,040	1,594,493,120	37,928	7,565	2.9%	n/a
2019	44,530	1,760,493,550	39,535	8,055	2.7%	117,502
2020	46,200	1,858,764,600	40,233	8,100	6.6%	128,783
2021	51,553	2,184,197,504	42,368	8,011	3.9%	134,914
2022	51,635	2,664,314,365	51,599	8,308	3.0%	155,635
2023	54,856	2,855,474,224	52,054	8,364	3.7%	150,506
2024	58,169	3,134,960,086	53,894	8,205	3.9%	157,117
2025	61,343	3,125,916,954	50,958	7,958	4.0%	148,181

Sources:

(A)Estimated population provided North Central Texas Council of Governments
(B) Per Capita Income provided by GIS
(C) Little Elm Independent School District
(D) Bureau of Labor Statistics, Denton County

Note: Personal income is caluclated by multiplying estimated population by per capita personal income. Average Household Income for previous years not available.

Town of Little Elm, Texas
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

2025		
Employer	**Employees**	**Percentage of Total Town Employment**
Little Elm ISD	1,025	11.75%
Town of Little Elm	469	5.38%
Retractable Technologies	203	2.33%
Lowes Home Center	117	1.34%
Kroger	105	1.20%
Holt	87	1.00%
Hobby Lobby	32	0.37%
Applebee's	17	0.19%
Total	2,055	23.56%
Total Little Elm Daytime Employees	8,725	

2016		
Employer	**Employees**	**Percentage of Total Town Employment**
Little Elm ISD	757	21.32%
Kroger	250	7.04%
Hula Hut	226	6.37%
Town of Little Elm	157	4.42%
Retractable Technologies	142	4.00%
Lowes Home Center	136	3.83%
Applebee's	70	1.97%
Holt	50	1.41%
24 Hour Fitness	35	0.99%
Hobby Lobby	30	0.85%
Total	1,853	52.20%
Total Little Elm Daytime Employees	3,550	

Source: Top employers and employee count provided by Little Elm Economic Development Corporation.

Town of Little Elm, Texas
Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2016	2017	2018	2019	2020	2021	2022 (A)	2023	2024	2025
General Government	19.00	21.00	22.50	21.50	24.50	21.50	23.50	25.00	26.50	27.50
Public Safety	111.50	112.50	129.50	136.00	147.00	158.00	179.00	186.00	193.00	200.00
Public Works	19.50	14.50	20.50	20.50	18.50	18.50	23.00	23.00	24.00	26.00
Culture and Recreational	37.50	40.50	47.50	49.00	46.50	82.50	68.00	70.00	71.00	72.00
Planning and Development	14.00	19.00	13.00	19.00	16.00	13.00	17.00	17.00	17.00	18.00
Water and Sewer	29.00	28.00	33.00	29.00	31.00	33.00	36.00	36.00	36.00	37.00
Total	230.50	235.50	266.00	275.00	283.50	326.50	346.50	357.00	367.50	380.50

Source: Town of Little Elm Finance Department

Note: (A) Prior to FY2022 was actual headcount; FY2022 and beyond includes approved positions excluding seasonal employees.

Town of Little Elm, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2016	2017	2018	2019	2020
Public Safety					
Police					
Number of employees (A)	52	58	59	71	75
Number of violations (citations)	4,617	4,744	5,635	6,780	3,673
Fire					
Number of employees (A)	55	54	64	62	62
Number of volunteers	10	7	9	6	3
Number of fire runs (D)	1,287	1,327	1,413	1,606	1,635
Number of EMS runs (D)	1,940	2,191	2,395	2,545	2,709
Public Works					
Streets (miles)	138	138	155	156	159
Community Services					
Residential permits	1,154	1,047	1,101	1,037	1,005
Commercial permits	76	91	101	65	64
Cultural and Recreational					
Parks and recreation					
Parks (acres)	500	500	500	500	500
Participants in parks programs	75,980	77,000	78,000	76,982	52,349
Participants in senior program	18,304	24,864	27,643	30,508	878
Participants at Recreation Center	53,632	77,679	114,915	113,571	63,022
Participants at Aquatics Center	N/A	N/A	N/A	N/A	N/A
Library					
Volumes in Collection (C)	77,928	81,380	215,539	224,086	190,332
Circulation	126,326	126,092	132,977	133,395	153,270
Water and Sewer					
Number of water connections	10,370	10,680	11,153	11,408	11,763
Number of sewer connections	9,983	10,272	10,732	10,948	11,170
Average daily water consumption (B)	3,201	3,253	3,718	3,953	4,313
Maximum ground storage capacity	7,170	7,170	7,170	7,170	7,170
Maximum elevated storage capacity (B)	3,578	3,578	3,578	3,578	3,578
Water Purchased (B)	1,235,350	1,351,428	1,500,532	1,411,097	1,509,605

Source: Town Departments

Notes: N/A - Data not Available

(A) Prior to FY2022 was actual headcount; FY2022 and beyond includes approved positions.
(B) Stated in millions of gallons
(C) Includes digital books available via shared databases
(D) 2024 and beyond represents fiscal year stats. All previous years are calendar year.

2021	2022	2023	2024	2025
85	93	99	98	107
6,172	4,519	5,799	5,311	6,169
64	74	85	85	92
2	2	-	-	-
2,001	2,046	1,883	2,025	2,364
3,321	3,170	3,381	3,437	4,226
159	164	183	202	202
1,306	1,230	1,024	1,258	1,216
64	82	59	98	73
500	500	500	500	600
60,857	80,163	110,100	315,000	186,682
11,408	22,693	20,277	34,608	35,377
114,216	122,492	127,561	128,833	17,976
127,968	169,076	169,934	141,406	104,629
198,259	201,561	359,769	388,427	398,187
140,644	148,297	178,911	195,406	233,585
12,390	12,469	12,668	12,990	12,425
11,790	12,060	12,215	12,426	11,943
3,432	4,200	4,683	5,302	5,350
7,170	7,170	7,170	7,170	7,170
3,578	3,578	3,578	3,578	3,578
1,645,501	1,804,752	1,798,619	1,935,007	1,995,934

Town of Little Elm, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units (B)	25	30	30	30	39	71	78	93	106	125
Fire Stations	2	2	2	3	3	3	3	3	3	3
Police Motorcycle Units	2	2	2	2	3	4	4	4	2	2
Public Works										
Streets - Paved	138	138	155	156	159	159	164	183	202	202
Cultural and Recreational										
Parks (acres)	500	500	500	500	500	500	500	500	500	500
Playgrounds (A)	5	5	5	5	6	6	6	7	7	7
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	1	1	1	1
Acquatics Center	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Water and Sewer										
Fire Hydrants	1,270	1,431	1,510	1,527	1,559	1,568	1,522	1,648	1,697	1,725
Ground Storage Facilities (C)	4	4	4	4	4	4	4	4	4	4
Elevated Storage Facilities (D)	4	4	4	4	4	4	4	4	4	4
Lift Stations	20	20	20	21	22	22	22	22	23	23

Source: Town Departments

Notes:

(A) Does not include HOA playgrounds
(B) Town has implemented a take-home vehicle program for officers
(C) Town has 2 Ground Storage Tanks for portable water, 1 reuse tank, and 1 inactive well.
(D) Town has 2 Elevated Storage Facilities for portable water, 1 for irrigation only, and 1 inactive EST.

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